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## **XINYI SOLAR HOLDINGS LIMITED**

**信義光能控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00968)**

### **CONNECTED TRANSACTIONS PROPOSED ACCEPTANCE AND SUBSCRIPTION UNDER THE XYE RIGHTS ISSUE**

The Board refers to the XYE Rights Issue Announcement and the XYE Rights Issue Prospectus. The Company is interested, through Xinyi Power (BVI), in 3,648,100,337 XYE Shares, representing 49.03% of the XYE Shares in issue as of the XYE Rights Issue Record Date. The Company intends to accept and subscribe for, in each case on the terms of the XYE Rights Issue, through Xinyi Power (BVI), (a) the XYE Provisional Allotment and (b) the XYE Excess Application, respectively.

The Company wishes to announce that it has, through Xinyi Power (BVI), lodged the XYE Provisional Allotment Letter in relation to the acceptance of the allocation of an aggregate of 364,810,033 XYE Rights Shares which have been provisionally allotted to Xinyi Power (BVI) pursuant to the terms of the XYE Rights Issue.

In addition, the Company, through Xinyi Power (BVI), has also lodged the XYE Excess Application Form to apply for, by way of excess application, the maximum number of the XYE Rights Shares permitted for application under Rule 7.21(3)(b) of the Listing Rules. Such application, however, is subject to the public float requirement under Rule 8.08 of the Listing Rules for Xinyi Energy. Taking into consideration the restriction on the maximum number of the XYE Rights Shares which could be applied for under Rule 7.21(3)(b) of the Listing Rules and the public float requirement under Rule 8.08 of the Listing Rules for Xinyi Energy, it is estimated that the maximum number of the XYE Rights Shares that could be allocated by way of excess application to the Company, through Xinyi Power (BVI), would be up to 379,229,992 XYE Rights Shares.

As of the date of this announcement, the Company, together with its Controlling Shareholders and their respective associates, own 75.25% of the equity interest in Xinyi Energy. The Company continues to be the single largest shareholder of Xinyi Energy which is one of the non-wholly owned subsidiaries of the Company. The Controlling Shareholders and their respective associates are interested in 49.24% of the Shares and are also interested in 26.22% of the XYE Shares. Accordingly, Xinyi Energy is a connected subsidiary of the Company under Chapter 14A of the Listing Rules. The Proposed Acceptance and Subscription constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

Based on the information available to the Company, upon the allotment and issuance of the XYE Rights Shares under the XYE Provisional Allotment in full to Xinyi Power (BVI), and assuming that (a) all XYE Rights Shares under the XYE Excess Application are allotted and issued to Xinyi Power (BVI) and (b) no other applications to subscribe for XYE Rights Shares have been submitted, the Company, the Controlling Shareholders and their respective associates will be interested in 77.503% of the equity interest in Xinyi Energy.

The highest applicable percentage ratio as defined under the Listing Rules in respect of the Proposed Acceptance and Subscription is more than 1% but less than 5%. As such, the Proposed Acceptance and Subscription are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board refers to the XYE Rights Issue Announcement and the XYE Rights Issue Prospectus. The Company is interested, through Xinyi Power (BVI), in 3,648,100,337 XYE Shares, representing 49.03% of the XYE Shares in issue as of the XYE Rights Issue Record Date.

## **ACCEPTANCE OF THE XYE PROVISIONAL ALLOTMENT**

According to the XYE Rights Issue Announcement and the XYE Rights Issue Prospectus, the principal terms of the XYE Rights Issue are as follows:

Type and nominal value of the XYE Rights Shares	: Ordinary shares of Xinyi Energy with a nominal value of HK\$0.01
Basis of the XYE Rights Issue	: One (1) XYE Rights Share for every ten (10) XYE Shares in issue as of the close of business on the XYE Rights Issue Record Date
XYE Rights Issue Subscription Price	: HK\$2.19 per XYE Rights Share

Number of XYE Shares in issue as of the XYE Rights Issue Record Date : 7,440,400,255 XYE Shares

Number of XYE Rights Shares to be issued : Up to 744,040,025 XYE Rights Shares

Number of XYE Rights Shares to be subscribed for by the Company under the XYE Provisional Allotment : 364,810,033 XYE Rights Shares

The Company wishes to announce that it has, through Xinyi Power (BVI), lodged the XYE Provisional Allotment Letter in relation to the acceptance of the XYE Provisional Allotment before the XYE Rights Issue Final Acceptance Date.

The Directors understand that the XYE Rights Issue Subscription Price was determined with reference to, among others, (a) the market prices of the XYE Shares under the prevailing market conditions; (b) the latest business and financial position of the XYE Group; and (c) the reasons for and benefits of the XYE Rights Issue as disclosed in the XYE Rights Issue Announcement and the XYE Rights Issue Prospectus.

Upon completion of the XYE Rights Issue, the Company will continue to hold at least 49.03% of the total number of XYE Shares in issue as enlarged by the XYE Rights Issue.

#### **PROPOSED SUBSCRIPTION FOR XYE RIGHTS SHARES BY WAY OF XYE EXCESS APPLICATION**

In addition, the Company, through Xinyi Power (BVI), has also lodged the XYE Excess Application Form to apply for, by way of excess application, the maximum number of the XYE Rights Shares permitted for application under Rule 7.21(3)(b) of the Listing Rules before the XYE Rights Issue Final Acceptance Date. Such application, however, is subject to the public float requirement under Rule 8.08 of the Listing Rules for Xinyi Energy. Taking into consideration the restriction on the maximum number of the XYE Rights Shares which could be applied for under Rule 7.21(3)(b) of the Listing Rules and the public float requirement under Rule 8.08 of the Listing Rules for Xinyi Energy, it is estimated that the maximum number of the XYE Rights Shares which could be allocated by way of excess application to the Company, through Xinyi Power (BVI), would be up to 379,229,992 XYE Rights Shares.

The aggregate subscription price payable by the Company, through Xinyi Power (BVI) under the intended acceptance of the XYE Provisional Allotment and the subscription of the XYE Excess Application is expected to be HK\$798.93 million and HK\$830.51 million, respectively. The Company intends to fund the aggregate subscription price by way of its internal resources and/or banking facilities of the Group.

## FINANCIAL INFORMATION OF XINYI ENERGY

The tables below set forth the audited financial information of Xinyi Energy for the two years ended 31 December 2022, as extracted from its audited consolidated financial statements for the two years ended 31 December 2022, respectively.

	<b>As of 31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net assets	12,560,452	11,762,152
Total assets	21,201,950	19,939,880

  

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net profit before income tax	1,456,391	1,272,222
Net profit after tax	1,234,806	973,971

## REASONS FOR AND BENEFITS OF THE PROPOSED ACCEPTANCE AND SUBSCRIPTION

As disclosed in the XYE Rights Issue Announcement and the XYE Rights Issue Prospectus, as of 31 December 2022, the XYE Group had interest-bearing bank borrowings of HK\$4,953.78 million, of which HK\$2,892.47 million would be required to be repaid before the end of 2023. The board of directors of Xinyi Energy, having considered the costs and benefits of various fund-raising alternatives available to the XYE Group and the possible impact on interest savings, considered that the XYE Rights Issue to be a preferred option as it would provide additional equity to the XYE Group without incurring additional debts and interest expenses. The board of directors of Xinyi Energy considered this to be particularly relevant as the global interest rates are expected to continue to increase in the near future.

The Company supports the XYE Rights Issue and considers that it is in the best interests of the Company that the XYE Rights Issue should proceed and that the XYE Rights Issue could further strengthen the financial position of the XYE Group. The subscription of the XYE Rights Shares under the XYE Provisional Allotment by the Company, through Xinyi Power (BVI), would also enable the Company, through Xinyi Power (BVI), to maintain its percentage shareholdings in Xinyi Energy. The Proposed Acceptance and Subscription demonstrate the Company's support of the XYE Rights Issue, its confidence over the future business operation of the XYE Group, which may as well provide funding certainty as to the minimum amount which could be raised under the XYE Rights Issue.

The Directors (including the independent non-executive Directors) believe that the terms of the Proposed Acceptance and Subscription (including the subscription price payable under the Proposed Acceptance and Subscription) are fair and reasonable, and in the interest of the Company and the Shareholders as a whole. As Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.* is currently an XYE Director and controlling shareholder (as defined under the Listing Rules) of Xinyi Energy, each of Mr. LEE Shing Put, B.B.S. and Mr. LEE Yau Ching is currently an XYE Director and Dr. LEE Yin Yee, B.B.S. and Mr. LI Man Yin are the controlling shareholders (as defined under the Listing Rules) of Xinyi Energy, they are considered to be materially interested in the relevant board resolutions of the Company to approve the Proposed Acceptance and Subscription. Accordingly, Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LEE Shing Put, B.B.S., Mr. LEE Yau Ching, Dr. LEE Yin Yee, B.B.S. and Mr. LI Man Yin have abstained from voting on the said board resolutions at the meeting of the Board to approve, among other things, the Proposed Acceptance and Subscription. Save as disclosed above, no other Directors were required to abstain from voting on the relevant board resolutions of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

As of the date of this announcement, the Company, together with its Controlling Shareholders and their respective associates, own 75.25% of the equity interest in Xinyi Energy. The Company continues to be the single largest shareholder of Xinyi Energy which is one of the non-wholly owned subsidiaries of the Company. The Controlling Shareholders and their respective associates are interested in 49.24% of the Shares and are also interested in 26.22% of the XYE Shares. Accordingly, Xinyi Energy is a connected subsidiary of the Company under Chapter 14A of the Listing Rules. The Proposed Acceptance and Subscription constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratio as defined under the Listing Rules in respect of the Proposed Acceptance and Subscription is more than 1% but less than 5%. As such, the Proposed Acceptance and Subscription are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Based on the information available to the Company, upon the allotment and issuance of the XYE Rights Shares under the XYE Provisional Allotment in full to Xinyi Power (BVI), and assuming that (a) all XYE Rights Shares under the XYE Excess Application are allotted and issued to Xinyi Power (BVI) and (b) no other applications to subscribe for XYE Rights Shares have been submitted, the Company, the Controlling Shareholders and their respective associates will be interested in 77.503% of the equity interest in Xinyi Energy.

## **GENERAL INFORMATION**

### **The Company and Xinyi Power (BVI)**

The Group is principally engaged in the production and sale of solar glass products, which are carried out internationally, through its production complexes in the PRC and Malaysia, as well as the development and construction of solar farms. Xinyi Power (BVI) is an investment company and a wholly-owned subsidiary of the Company. As of the XYE Rights Issue Record Date, the Company is indirectly interested, through Xinyi Power (BVI), in 3,648,100,337 XYE Shares, representing 49.03% of the XYE Shares in issue.

### **Xinyi Energy**

The XYE Group is a leading non-State owned solar farm owner and operator in the PRC in terms of the approved capacity of the utility-scale ground-mounted solar farm projects in operation owned by the XYE Group and under its management. Established and spun-off from the Company, the XYE Group owns and operates utility-scale ground-mounted solar farm projects initially developed and constructed by the Company. As of the date of this announcement, the XYE Group are indirect non-wholly owned subsidiaries of the Company.

## **DEFINITIONS USED IN THIS ANNOUNCEMENT**

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	means the board of Directors;
“Company”	means Xinyi Solar Holdings Limited (信義光能控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 00968);

“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholders”	refers to Xinyi Glass Holdings Limited (stock code: 00868) and its subsidiaries, Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M, J.P.</i> , Mr. LI Man Yin, Mr. NG Ngan Ho, Mr. LI Ching Leung, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. SZE Nang Sze, and their respective controlled corporations;
“Director(s)”	means the director(s) of the Company;
“Group”	refers to the Company and its subsidiaries;
“Hong Kong”	means The Hong Kong Special Administrative Region of The People’s Republic of China;
“Hong Kong dollars” or “HK\$”	refers to Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the amendments thereto;
“PRC”	means The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, The Macau Special Administrative Region of The People’s Republic of China and Taiwan;
“Proposed Acceptance and Subscription”	means, in each case on the terms of the XYE Rights Issue, the intended acceptance of and subscription by the Company, through Xinyi Power (BVI), for (a) the XYE Provisional Allotment and (b) the XYE Excess Application;
“Shareholder(s)”	means the holder(s) of the Shares;
“Shares”	means the ordinary shares of HK\$0.10 each in the issued share capital of the Company;
“Stock Exchange”	refers to The Stock Exchange of Hong Kong Limited;
“subsidiary” or “subsidiaries”	has the meaning given to it under the Listing Rules;

“Xinyi Energy”	means Xinyi Energy Holdings Limited (信義能源控股有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 03868);
“Xinyi Power (BVI)”	means Xinyi Power (BVI) Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
“XYE Directors”	means collectively the directors of Xinyi Energy, and each an “XYE Director”;
“XYE Excess Application”	means up to an additional 379,229,992 XYE Rights Shares as may be allotted and issued to Xinyi Power (BVI) pursuant to the XYE Rights Issue by virtue of excess application;
“XYE Excess Application Form”	refers to the excess application form of the XYE Rights Issue, as issued to Xinyi Power (BVI) under the XYE Rights Issue;
“XYE Group”	means Xinyi Energy and its subsidiaries;
“XYE Provisional Allotment”	means the allocation of an aggregate of 364,810,033 XYE Rights Shares that have been provisionally allotted to Xinyi Power (BVI) pursuant to the terms of the XYE Rights Issue;
“XYE Provisional Allotment Letter”	refers to the provisional allotment letter of the XYE Rights Issue, as issued to Xinyi Power (BVI) under the XYE Rights Issue;
“XYE Rights Issue”	refers to the non-underwritten rights issue on the basis of one (1) XYE Rights Share for every ten (10) XYE Shares in issue as of the close of business on the XYE Rights Issue Record Date at the XYE Rights Issue Subscription Price;
“XYE Rights Issue Announcement”	means the announcement issued by Xinyi Energy dated 14 April 2023;
“XYE Rights Issue Final Acceptance Date”	means Tuesday, 23 May 2023, being the last day for acceptance of and payment for the XYE Rights Shares and for application and payment for the excess XYE Rights Shares;



“XYE Rights Issue Prospectus”	means the prospectus issued by Xinyi Energy dated 9 May 2023;
“XYE Rights Issue Record Date”	being Tuesday, 2 May 2023;
“XYE Rights Issue Subscription Price”	means the subscription price of HK\$2.19 for each XYE Rights Share under the XYE Rights Issue;
“XYE Rights Shares”	means up to 744,040,025 XYE Shares proposed to be allotted and issued pursuant to the XYE Rights Issue;
“XYE Shares”	means the ordinary shares of HK\$0.01 each in the issued share capital of Xinyi Energy; and
“%”	denotes per cent.

On behalf of the Board  
**Xinyi Solar Holdings Limited**  
**Dr. LEE Yin Yee, B.B.S.**  
*Chairman*

Hong Kong, 23 May 2023

*As of the date of this announcement, the Board comprises four executive Directors, namely Dr. LEE Yin Yee, B.B.S. (Chairman), Mr. LEE Yau Ching, Mr. LI Man Yin, and Mr. CHEN Xi, two non-executive Directors, namely Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P. and Mr. LEE Shing Put, B.B.S., and three independent non-executive Directors, namely Mr. LO Wan Sing, Vincent, Mr. KAN E-ting, Martin, and Ms. LEONG Chong Peng.*

*This announcement will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.xinyisolar.com](http://www.xinyisolar.com).*