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XINYI ENERGY HOLDINGS LIMITED

信義能源控股有限公司

*(Incorporated under the laws of the
British Virgin Islands with limited liability)*

(Stock code: 03868)



XINYI SOLAR HOLDINGS LIMITED

信義光能控股有限公司

*(Incorporated under the laws of the
Cayman Islands with limited liability)*

(Stock code: 00968)

**CONNECTED AND DISCLOSEABLE
TRANSACTION**

**Exercise of Call Option (Group 3)
pursuant to the Solar Farm Agreement
and the Solar Farm (Group 3) Agreement**

CONNECTED TRANSACTION

**Transfer of Call Right Assets (Group 3)
pursuant to the Solar Farm Agreement
and the Solar Farm (Group 3) Agreement**

Exercise of the Call Option (Group 3)

On 11 April 2022, Xinyi Energy delivered to Xinyi Solar the Call Notice (Group 3) to exercise the Call Option (Group 3) pursuant to the terms and conditions of the Solar Farm Agreement. The Call Right Assets (Group 3) comprise four utility-scale ground-mounted solar farm projects in the total approved capacity of 650 MW.

On 11 April 2022, the Solar Farm (Group 3) Agreement was entered into in relation to the transfer of the Target Shares (Group 3) for the Call Right Price (Group 3).

Implications under the Listing Rules in relation to the exercise of the Call Option (Group 3)

In relation to Xinyi Energy

As the Solar Farm (Group 2B) Agreement and the Solar Farm (Group 3) Agreement were entered into by Xinyi Energy (as the purchaser) and a subsidiary of Xinyi Solar (as the vendor) and that the Solar Farm (Group 2B) Agreement was completed within the previous 12-month period, the Solar Farm (Group 2B) Transaction and the transactions contemplated under the Solar Farm (Group 3) Agreement should be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules for the purpose of determining the implications under the Listing Rules.

The highest applicable percentage ratio (as defined under the Listing Rules) in relation to the exercise of the Call Option (Group 3) is (a) if aggregated with the exercise of the Call Option (Group 2B) for the Listing Rules purposes, more than 5% but less than 25% and (b) more than 5% but less than 25% on a stand-alone basis. As such, the exercise of the Call Option (Group 3) would be subject to the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

A shareholders' circular to be despatched by Xinyi Energy containing, among other things (a) further information on the exercise of the Call Option (Group 3) pursuant to the Solar Farm Agreement and the Solar Farm (Group 3) Agreement; (b) a letter of recommendations from the XYE Independent Board Committee; (c) a letter of advice from the XYE Independent Financial Adviser; and (d) a notice of the XYE EGM is expected to be despatched to the shareholders of Xinyi Energy on or before 17 May 2022 in full compliance with the requirements under the Listing Rules.

In relation to Xinyi Solar

As of the date of this joint announcement, Xinyi Solar owns 48.8% of the equity interest in Xinyi Energy and remains the single largest shareholder of Xinyi Energy. Xinyi Energy continues to be a non-wholly owned subsidiary of Xinyi Solar. As of the date of this joint announcement, the XYS Controlling Shareholders and their respective associates are interested in 49.3% of the XYS Shares and are also interested in 20.1% of the XYE Shares. Accordingly, Xinyi Energy is a connected subsidiary of Xinyi Solar under Chapter 14A of the Listing Rules.

As the Solar Farm (Group 2B) Agreement and the Solar Farm (Group 3) Agreement were entered into by Xinyi Energy (as the purchaser) and a subsidiary of Xinyi Solar (as the vendor) and that the Solar Farm (Group 2B) Agreement was completed within the previous 12-month period, the Solar Farm (Group 2B) Transaction and the transactions contemplated under the Solar Farm (Group 3) Agreement should be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules for the purpose of determining the implications under the Listing Rules.

The highest applicable percentage ratio (as defined under the Listing Rules) in relation to the transfer of the Call Right Assets (Group 3) is (a) if aggregated with the transfer of the Call Right Assets (Group 2B) for the Listing Rules purposes, more than 1% but less than 5% and (b) more than 1% but less than 5% on a stand-alone basis. As such, the transfer of the Call Right Assets (Group 3) is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND INFORMATION

The XYE Directors and the XYS Directors refer to the Solar Farm Agreement, pursuant to which Xinyi Solar has granted the Call Option to Xinyi Energy. In January 2021, Xinyi Energy had exercised the Call Option (Group 2) and the Solar Farm (Group 2A) Transaction and the Solar Farm (Group 2B) Transaction was completed in February 2021 and December 2021, respectively.

On 11 April 2022, Xinyi Energy delivered to Xinyi Solar the Call Notice (Group 3) to exercise the Call Option (Group 3) to acquire the Call Right Assets (Group 3) pursuant to the terms and conditions of the Solar Farm Agreement. The Call Right Assets (Group 3) comprise four utility-scale ground-mounted solar farm projects in the total approved capacity of 650 MW.

On 11 April 2022, the Solar Farm (Group 3) Agreement was entered into in relation to the transfer of the Target Shares (Group 3) for the Call Right Price (Group 3).

CALL RIGHT PRICE UNDER THE SOLAR FARM AGREEMENT

As disclosed in the XYS Solar Farm Announcement, the XYS Solar Farm Circular and the XYE Prospectus, the Call Right Price under the Solar Farm Agreement shall be determined according to the following:

The Call Right Price is equal to the greater of:

- (a) (Adjusted EBITDA¹ during Designated 12-month of Operation² + Sales revenue value-added tax) x 7.2 (the Implied Multiple) (the “**First Limb**”); and
- (b) such amount representing one hundred and ten percent (110%) of the actual reasonable and documented construction costs of such Call Right Asset (the “**Second Limb**”)

¹ “**Adjusted EBITDA**” is defined as the consolidated EBITDA after eliminating the effect of the Adjustments, if applicable, for that year. The “Adjustments” refer to adjustments of certain items which are charged or credited to the consolidated income statements for the relevant year, being:

- other gain/(loss), net;
- other income;
- unrealised revaluation gains, including impairment provisions or reversal of impairment provisions;
- impairment of goodwill/recognition of negative goodwill; and
- material non-cash gains/losses.

² “**Designated 12-month of Operation**” shall commence from the first calendar day of the calendar month immediately after the targeted date of completion of the acquisition of the Call Right Assets.

The Call Right Price will be deducted by such amount representing the net liabilities as of the date of completion of the transaction. If the proposed acquisition of the Call Right Assets is to be conducted by way of acquisition of equity interest in a holding company of the Call Right Assets, the Call Right Price will be deducted by such amount representing the net liabilities, i.e. the amount of debt plus the estimated amount due to suppliers and other payables and plus balance of cash and receivables, of the holding company of the Call Right Assets as of the completion date.

PRINCIPAL TERMS OF THE SOLAR FARM (GROUP 3) AGREEMENT

Following the exercise of the Call Option (Group 3), the primary purpose of entering into the Solar Farm (Group 3) Agreement is to set forth the specific terms and conditions for the acquisition of the Call Right Assets (Group 3) in 2022. The acquisition under the Solar Farm (Group 3) Agreement will require the approval of the XYE Independent Shareholders pursuant to the Listing Rules. The Solar Farm (Group 3) Agreement is entered into pursuant to the Solar Farm Agreement and the material terms of which are not inconsistent with the Solar Farm Agreement (which has been approved at an extraordinary general meeting of Xinyi Solar held on 21 November 2018).

The principal terms of the Solar Farm (Group 3) Agreement are set forth below:

Date: 11 April 2022

Parties: (a) Xinyi Energy, as the purchaser; and
(b) the Vendor, as the vendor.

Xinyi Energy, as the purchaser has conditionally agreed to purchase, and the Vendor has agreed to sell, the Target Shares (Group 3), representing the entire issued share capital of the Target Company (Group 3).

Subject matter: All issued shares of the Target Company (Group 3), which is the ultimate holding company of the Target Subsidiaries (Group 3).

Based on the unaudited combined financial information of the Target Members (Group 3) for the year ended 31 December 2021, the unaudited combined total asset and net asset of the Target Members (Group 3) as of 31 December 2021 amounted to HK\$873.6 million and HK\$43.8 million, respectively. As of 28 February 2022, the unaudited combined total asset and net asset of the Target Members (Group 3) amounted to HK\$959.7 million and HK\$47.0 million, respectively. The unaudited combined financial information of the Target Members (Group 3) for the two years ended 31 December 2021 and the two months ended 28 February 2022 is as follows:

	Year ended		Two months
	31 December	31 December	ended
	2020	2021	28 February
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net profit before tax	8,063	28,136	2,649
Net profit after tax	8,063	28,272	2,304
Net profit after tax attributable to equity owners	8,063	28,272	2,304

Upon completion of the transactions contemplated under the Solar Farm (Group 3) Agreement, the Target Company (Group 3) will become a wholly-owned subsidiary of Xinyi Energy. As Xinyi Energy is a non-wholly owned subsidiary of Xinyi Solar, each of the Target Members (Group 3) will continue to be a non-wholly owned subsidiary of Xinyi Solar.

**Call Right Assets
(Group 3):**

The Call Right Assets (Group 3) (which are held by the Target Subsidiaries (Group 3)) are as follows:

Name of the Call Right Assets (Group 3)	Approved capacity (MW)	Target Subsidiaries (Group 3)		
		Established in the PRC	Incorporated in Hong Kong	Approved Feed-in-Tariff rate (RMB)
Xiaochang Solar Farm (Phase Three)	50	Xinyi Xiaochang, which is owned by Xinze Wuhu	Dragon Well	0.4161
Laohekou Solar Farm (Phase Three)	100	Xinze Xiangyang, which is owned by Xinze Wuhu	Dragon Well	0.4161
Baimao Solar Farm	200	Xinbai Wuhu	Rise Trend	0.3844
Hainan Solar Farm	300	Xinyi Haikou	Shine Base	0.4298
Total	<u>650</u>			

**Call Right Price
(Group 3):**

The Call Right Price (Group 3) is determined according to the terms of the Solar Farm Agreement and the Solar Farm (Group 3) Agreement.

The XYE Directors and the XYS Directors have reviewed the formula in determining the Call Right Price (Group 3) and confirm that the Call Right Price (Group 3) would be determined according to the Second Limb.

As of the date of this joint announcement, the Call Right Price (Group 3), subject to adjustment below, has been estimated by Xinyi Solar and Xinyi Energy to be RMB2,563.7 million (equivalent to HK\$3,154.1 million).

**Adjustment to the
Call Right Price
(Group 3):**

For the purpose of determining the Call Right Price (Group 3), Xinyi Solar shall provide to Xinyi Energy:

- (a) the unaudited combined accounts of the Target Members (Group 3) (the “**Provisional Closing Accounts**”) as of the close of business on the last day of the previous month prior to the Completion Date (Group 3) *on or before* the Completion Date (Group 3); and
- (b) the unaudited combined accounts of the Target Members (Group 3) (the “**Closing Accounts**”) as of the close of business on the Completion Date (Group 3) within ten (10) business days *after* the Completion Date (Group 3).

The Provisional Closing Accounts and the Closing Accounts shall be prepared by the Target Members (Group 3) to the satisfaction of Xinyi Energy.

Payment terms:

Xinyi Energy shall pay:

- (a) 90% of the Call Right Price (Group 3) (as determined on the basis of the Provisional Closing Accounts) on the Completion Date (Group 3);
- (b) any shortfall between the Call Right Price (Group 3) (as determined under (a) above) and the Call Right Price (Group 3) (as determined on the basis of the Closing Accounts) within fifteen (15) business days after the Completion Date (Group 3); and
- (c) the remaining 10% of the Call Right Price (Group 3) (on the basis of the Closing Accounts) within twelve (12) months after the Completion Date (Group 3).

The payment of the Call Right Price (Group 3) will be made by Xinyi Energy out of its internal resources and/or available banking facilities. The XYE Directors confirm that the payment of the Call Right Price (Group 3) will not be made out of the net proceeds raised from the global offering as set forth in the XYE Prospectus, which have been fully utilised as of the date of this joint announcement.

Conditions precedent:

Completion under the Solar Farm (Group 3) Agreement is subject to the following conditions:

- (a) the Vendor being the sole and beneficial owner of the Target Shares (Group 3) free from all encumbrances and having the capacity and power to sell the Target Shares (Group 3) free from all encumbrances;
- (b) the reorganisation to the effect that all Target Subsidiaries (Group 3) are held by the Target Company (Group 3) has been completed;
- (c) Xinyi Energy having received a PRC legal opinion dated the Completion Date (Group 3) on each of the Target Subsidiaries (Group 3) established in the PRC confirming, *inter alia*, its corporate existence, shareholding structure and the validity of its interests in and certain operational aspects and licensing matters of the Call Right Assets (Group 3) in the form and substance satisfactory to Xinyi Energy; and
- (d) the approval by the XYE Independent Shareholders at the XYE EGM of the resolution(s) approving the Solar Farm (Group 3) Agreement and the exercise of the Call Option (Group 3) pursuant to the Solar Farm Agreement and the Solar Farm (Group 3) Agreement.

If any of the above conditions has not been satisfied in accordance with the Solar Farm (Group 3) Agreement at or before 1:00 p.m. on or before the Completion Date (Group 3), then unless the Vendor and Xinyi Energy agree otherwise in writing, the Completion Date (Group 3) shall be postponed to the Long-stop Date (Group 3).

If any of the above conditions has not been satisfied in accordance with the Solar Farm (Group 3) Agreement at or before 1:00 p.m. on or before the Long-stop Date (Group 3), then unless the Vendor and Xinyi Energy agree otherwise in writing, the Solar Farm (Group 3) Agreement shall be terminated, and neither parties to the Solar Farm (Group 3) Agreement shall have any claim or cause of action against the other, save for any antecedent breach and the return of the Call Right Price (Group 3) (to the extent paid by Xinyi Energy) by the Vendor to Xinyi Energy without interest within five (5) business days after the termination of the Solar Farm (Group 3) Agreement.

As of the date of this joint announcement, except condition (a), none of the above conditions has been satisfied.

**Completion Date
(Group 3):**

On a business day (a) on or before 31 March 2023 or (b) such other date as the parties to the Solar Farm (Group 3) Agreement may agree in writing, but in any event shall not be later than the first anniversary of the date of the Call Notice (Group 3).

**REASONS FOR AND BENEFITS OF THE EXERCISE OF CALL OPTION
(GROUP 3) AND THE ENTERING INTO OF THE SOLAR FARM (GROUP 3)
AGREEMENT**

In relation to Xinyi Energy

The Solar Farm Agreement is an integral part of the spin-off of Xinyi Energy from Xinyi Solar for the purpose of establishing a clear business delineation. The Solar Farm (Group 3) Agreement has been entered into for the purpose of acquiring the Call Right Assets (Group 3) by Xinyi Energy pursuant to the Solar Farm Agreement and the Solar Farm (Group 3) Agreement.

The XYE Directors (including the members of the XYE Acquisition Committee but excluding the independent non-executive XYE Directors who will express their opinion after considering the advice from the XYE Independent Financial Adviser) consider that it will be in Xinyi Energy's interests and the interest of its shareholders to continue to source construction completed and grid-connected utility-scale ground-mounted solar farm projects from the XYS Group. Given Xinyi Energy's established relationship with Xinyi Solar, its experience, market position, and the fact that Xinyi Solar is Xinyi Energy's holding company, the XYE Directors (including the members of the XYE Acquisition Committee but excluding the independent non-executive XYE Directors who will express their opinion after considering the advice from the XYE Independent Financial Adviser) further

consider that the terms of the Solar Farm (Group 3) Agreement (including the amount of Call Right Price (Group 3)) are fair and reasonable and it would be in Xinyi Energy's interests and the interests of its shareholders to exercise the Call Option (Group 3) and enter into the Solar Farm (Group 3) Agreement.

In relation to Xinyi Solar

Immediately after completion pursuant to the Solar Farm (Group 3) Agreement, the Target Members (Group 3) will remain non-wholly owned subsidiaries of Xinyi Solar and their financial results will continue to be consolidated into that of the XYS Group. Any difference between the fair value of the Call Right Price (Group 3) and the amount by which the non-controlling interest of the Target Members (Group 3) is adjusted as a result of completion of the Solar Farm (Group 3) Agreement is recognised in equity attributable to the Vendor. Based on the latest estimated Call Right Price (Group 3) as of the date of this joint announcement, the XYS Group will recognise a net increase in equity attributable to owners of the Xinyi Solar of HK\$238.6 million. However, the actual financial impact will depend on the final amount of the Call Right Price (Group 3) and the carrying amount of the net assets of the Target Members (Group 3) as of the Completion Date (Group 3). The proceeds from the transfer of the Call Right Assets (Group 3) are expected to be used in selected existing business of the XYS Group, i.e. solar glass production capacity expansion, development and construction of solar farm projects as well as general working capital.

The XYS Directors (including the independent non-executive XYS Directors) consider that the terms of the Solar Farm (Group 3) Agreement (including the amount of the Call Right Price (Group 3)) are fair and reasonable and that the transfer of the Call Right Assets (Group 3) and the entering into of the Solar Farm (Group 3) Agreement are beneficial to the XYS Group and the shareholders of Xinyi Solar as it provides a well-defined approach for the XYS Group to dispose of the construction completed and grid connected utility-scale ground-mounted solar farm projects developed or constructed by it at prices which are negotiated on an arm's length basis upon normal commercial terms. In addition, as Xinyi Energy is a non-wholly owned subsidiary of Xinyi Solar, this will enable Xinyi Solar to continue to share the revenue and profit from the electricity generated from the solar farm projects after the transfer.

INFORMATION OF XINYI ENERGY, XINYI SOLAR AND THE VENDOR

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 Xinyi Solar, the XYE Group owns and operates utility-scale ground-mounted solar farm projects initially developed and constructed by Xinyi Solar. As of the date of this joint announcement, Xinyi Energy and its subsidiaries are indirect non-wholly owned subsidiaries of Xinyi Solar.

Xinyi Solar and the Vendor

The XYS 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. In addition, the XYS Group is also engaged in the development of solar farms and the engineering, procurement and construction services. The Vendor is a direct wholly-owned subsidiary of Xinyi Solar and is an investment holding company. As of the date of this joint announcement, Xinyi Solar is owned as to 49.3% by the XYS Controlling Shareholders and their respective associates and 50.7% by members of the public.

IMPLICATIONS UNDER THE LISTING RULES IN RELATION TO THE EXERCISE OF THE CALL OPTION (GROUP 3)

In relation to Xinyi Energy

As the Solar Farm (Group 2B) Agreement and the Solar Farm (Group 3) Agreement were entered into by Xinyi Energy (as the purchaser) and a subsidiary of Xinyi Solar (as the vendor) and that the Solar Farm (Group 2B) Agreement was completed within the previous 12-month period, the Solar Farm (Group 2B) Transaction and the transactions contemplated under the Solar Farm (Group 3) Agreement should be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules for the purpose of determining the implications under the Listing Rules.

The highest applicable percentage ratio (as defined under the Listing Rules) in relation to the exercise of the Call Option (Group 3) is (a) if aggregated with the exercise of the Call Option (Group 2B) for the Listing Rules purposes, more than 5% but less than 25% and (b) more than 5% but less than 25% on a stand-alone basis. As such, the exercise of the Call Option (Group 3) would be subject to the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In relation to Xinyi Solar

As of the date of this joint announcement, Xinyi Solar owns 48.8% of the equity interest in Xinyi Energy and remains the single largest shareholder of Xinyi Energy. Xinyi Energy continues to be a non-wholly owned subsidiary of Xinyi Solar. As of the date of this joint announcement, the XYS Controlling Shareholders and their respective associates are interested in 49.3% of the XYS Shares and are also interested in 20.1% of the XYE Shares. Accordingly, Xinyi Energy is a connected subsidiary of Xinyi Solar under Chapter 14A of the Listing Rules.

As the Solar Farm (Group 2B) Agreement and the Solar Farm (Group 3) Agreement were entered into by Xinyi Energy (as the purchaser) and a subsidiary of Xinyi Solar (as the vendor) and that the Solar Farm (Group 2B) Agreement was completed within the previous 12-month period, the Solar Farm (Group 2B) Transaction and the transactions contemplated under the Solar Farm (Group 3) Agreement should be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules for the purpose of determining the implications under the Listing Rules.

The highest applicable percentage ratio (as defined under the Listing Rules) in relation to the transfer of the Call Right Assets (Group 3) is (a) if aggregated with the transfer of the Call Right Assets (Group 2B) for the Listing Rules purposes, more than 1% but less than 5% and (b) more than 1% but less than 5% on a stand-alone basis. As such, the transfer of the Call Right Assets (Group 3) is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Solar Farm Agreement has been approved at an extraordinary general meeting of Xinyi Solar held on 21 November 2018.

DESPATCH OF THE SHAREHOLDERS' CIRCULAR BY XINYI ENERGY AND THE XYE EGM

The XYE EGM will be convened for the purpose of considering and, if thought fit, approving the Solar Farm (Group 3) Agreement.

The XYE Controlling Shareholders have indicated that they would abstain from voting at the XYE EGM. Save as disclosed above, to the best of knowledge, information and belief having made all reasonable enquiries by the XYE Directors, no other shareholders of Xinyi Energy or any of its associates has a material interest in the Solar Farm (Group 3) Agreement and hence, no other shareholders of Xinyi Energy would be required to abstain from voting on the relevant resolutions to be proposed at the XYE EGM.

A shareholders' circular to be despatched by Xinyi Energy containing, among other things (a) further information on the exercise of the Call Option (Group 3) pursuant

to the Solar Farm Agreement and the Solar Farm (Group 3) Agreement; (b) a letter of recommendations from the XYE Independent Board Committee; (c) a letter of advice from the XYE Independent Financial Adviser; and (d) a notice of the XYE EGM is expected to be despatched to the shareholders of Xinyi Energy on or before 17 May 2022 in full compliance with the requirements under the Listing Rules.

DEFINITIONS USED IN THIS JOINT ANNOUNCEMENT

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Baimao Solar Farm”	means Baimao Solar Farm, the utility-scale ground-mounted solar farm project located in Wuhu City, Anhui Province, the PRC with an approved capacity of 200 MW, which is operated and wholly-owned by Xinbai Wuhu;
“BVI”	means the British Virgin Islands;
“Call Notice (Group 3)”	means the notice dated 11 April 2022 delivered by Xinyi Energy to Xinyi Solar for the purpose of exercising the Call Option (Group 3);
“Call Option”	means the call option granted by Xinyi Solar to Xinyi Energy under the Solar Farm Agreement, pursuant to which Xinyi Energy may acquire from Xinyi Solar the Call Right Assets;
“Call Option (Group 2A)” and “Call Option (Group 2B)”	refers to the Call Option previously exercised by Xinyi Energy for the acquisition of the Call Right Assets (Group 2A) and Call Right Assets (Group 2B);
“Call Option (Group 3)”	refers to the Call Option currently exercised by Xinyi Energy to acquire the Call Right Assets (Group 3);
“Call Right Assets”	means the substantially completed construction and grid-connected utility-scale ground-mounted solar farm projects developed or constructed by the XYS Group which include Call Right Assets (Group 2A), Call Right Assets (Group 2B) and Call Right Assets (Group 3);

“Call Right Assets (Group 2A)” and “Call Right Assets (Group 2B)”	means the Call Right Assets in the total approved capacity of 250 MW and 270 MW previously acquired by Xinyi Energy pursuant to the exercise of the Call Option (Group 2A) and Call Option (Group 2B) respectively;
“Call Right Assets (Group 3)”	means the four solar farms in the total approved capacity of 650 MW owned and operated by Xinyi Xiaochang, Xinbai Wuhu, Xinze Xiangyang and Xinyi Haikou proposed to be acquired by Xinyi Energy under the Call Option (Group 3);
“Call Right Price” and “Call Right Price (Group 3)”	means the exercise price in relation to the exercise of the Call Option and Call Option (Group 3);
“Completion Date (Group 3)”	means the date of completion of the sale and purchase transaction contemplated under the Solar Farm (Group 3) Agreement, which is expected to be on or before 31 March 2023;
“connected subsidiary”	has the meaning ascribed to it under the Listing Rules;
“Dragon Well”	means Dragon Well Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Vendor as of the date of this joint announcement, and will become a wholly-owned subsidiary of the Target Company (Group 3) following completion of the reorganisation;
“Feed-in-Tariff”	means the feed-in-tariff regime currently implemented by the PRC government for the provision of subsidy, i.e. the tariff adjustment, to the solar farm operators in the PRC by way of tariff adjustment;
“Hainan Solar Farm”	means Hainan Solar Farm, the utility-scale ground-mounted solar farm project located in Haikou City, Hainan Province, the PRC with an approved capacity of 300 MW, which is operated and wholly-owned by Xinyi Haikou;
“Hong Kong”	means The Hong Kong Special Administrative Region of the People’s Republic of China;

“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Laohekou Solar Farm (Phase Three)”	means Laohekou Solar Farm (Phase Three), the utility-scale ground-mounted solar farm project located in Laohekou City, Hubei Province, the PRC with an approved capacity of 100 MW, which is operated and wholly-owned by Xinze Xiangyang;
“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long-stop Date (Group 3)”	means 31 May 2023;
“MW”	means unit of energy (power), megawatt;
“PRC”	means The People’s Republic of China, excluding Hong Kong, The Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this joint announcement;
“Rise Trend”	means Rise Trend Investment Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of the Vendor as of the date of this joint announcement, and will become a wholly-owned subsidiary of the Target Company (Group 3) following completion of the reorganisation;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Shine Base”	means Shine Base Development Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of the Target Company (Group 3) as of the date of this joint announcement;
“Solar Farm Agreement”	means the solar farm agreement dated 5 December 2018 entered by and between Xinyi Solar and Xinyi Energy;
“Solar Farm (Group 2) Joint Announcement”	refers to the joint announcement issued by Xinyi Energy and Xinyi Solar dated 6 January 2021;

“Solar Farm (Group 2A) Transaction”	means the acquisition of the Call Right Assets (Group 2A), further information on which is set forth in the Solar Farm (Group 2) Joint Announcement and the XYE Solar Farm (Group 2) Circular;
“Solar Farm (Group 2B) Transaction”	means acquisition of the Call Right Assets (Group 2B), further information on which is set forth in the Solar Farm (Group 2) Joint Announcement and the XYE Solar Farm (Group 2) Circular;
“Solar Farm (Group 3) Agreement”	refers to the sale and purchase agreement dated 11 April 2022 and entered into between Xinyi Power (BVI) Limited as the vendor and Xinyi Energy as the purchaser for the acquisition of the Target Shares (Group 3);
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Target Company (Group 3)”	means Xinyi Solar Farm (Group 2) Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Vendor;
“Target Members (Group 3)”	means the Target Company (Group 3) and Target Subsidiaries (Group 3);
“Target Subsidiaries (Group 3)”	refers to (a) the three wholly-owned subsidiaries of the Target Company (Group 3) incorporated in Hong Kong, namely Dragon Well, Rise Trend and Shine Base, and (b) the seven wholly-owned subsidiaries of the Target Company (Group 3) established in the PRC, namely Xinze Wuhu, Xinyi Haikou, Xinchu Wuhu, Xinchuang Haikou, Xinze Xiangyang, Xinyi Xiaochang and Xinbai Wuhu;
“Target Shares (Group 3)”	means all the 200 ordinary shares in issue of the Target Company (Group 3);
“Vendor”	means Xinyi Power (BVI) Limited, a company incorporated in the BVI and a wholly-owned subsidiary of Xinyi Solar;

“Xiaochang Solar Farm (Phase Three)”	means Xiaochang Solar Farm (Phase Three), the utility-scale ground-mounted solar farm project located in Xiaochang County, Hubei Province, the PRC with an approved capacity of 50 MW, which is operated and wholly-owned by Xinyi Xiaochang;
“Xinbai Wuhu”	means Wuhu Xinbai Renewable Energy Limited* 蕪湖信白新能源有限公司, a company established in the PRC and the sole owner and operator of the Baimao Solar Farm;
“Xinchu Wuhu”	means Wuhu Xinchu Renewable Energy Limited* 蕪湖信儲新能源有限公司, a company established in PRC and a wholly-owned subsidiary of Xinbai Wuhu;
“Xinhuang Haikou”	means Xinhuang Green Agriculture (Haikou) Limited* 信創綠色農業(海口)有限公司, a company established in the PRC and a wholly-owned subsidiary of Xinyi Haikou;
“Xinyi Energy”	means Xinyi Energy Holdings Limited (信義能源控股有限公司), a company incorporated in the BVI with limited liability, the shares of which are listed on the Stock Exchange (stock code: 03868);
“Xinyi Haikou”	means Xinyi Solar (Haikou) Limited* 信義光能(海口)有限公司, a company established in the PRC and the sole owner and operator of the Hainan Solar Farm;
“Xinyi Solar”	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 Stock Exchange (stock code: 00968);
“Xinyi Xiaochang”	means Xinyi Renewable Energy (Xiaochang) Limited* 信義新能源(孝昌)有限公司, a company established in the PRC and the sole owner and operator of the Xiaochang Solar Farm (Phase Three);
“Xinze Wuhu”	means Wuhu Xinze Renewable Energy Limited* 蕪湖信澤新能源有限公司, a company established in the PRC and a wholly-owned subsidiary of Dragon Well;

“Xinze Xiangyang”	means Xinze Renewable Energy (Xiangyang) Limited* 信澤新能源(襄陽)有限公司, a company established in the PRC and the sole owner and operator of the Laohekou Solar Farm (Phase Three);
“XYE Acquisition Committee”	means the acquisition committee of the XYE Board established for the purpose of considering and if appropriate, approving acquisitions of Call Right Assets;
“XYE Board”	means the board of directors of Xinyi Energy;
“XYE Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, in the case of Xinyi Energy, refers to Xinyi Solar, 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;
“XYE Directors”	means the directors of Xinyi Energy;
“XYE EGM”	means an extraordinary general meeting of Xinyi Energy to be convened to consider and if thought fit, approve, among others, the Solar Farm (Group 3) Agreement, at which the XYE Controlling Shareholders will abstain from voting;
“XYE Group”	means Xinyi Energy and its subsidiaries;
“XYE Independent Board Committee”	means the independent board committee of the XYE Board comprising all the independent non-executive XYE Directors, namely Mr. LEUNG Ting Yuk, The Hon. IP Kwok Him, G.B.M., G.B.S., J.P. and Ms. LYU Fang, established to advise the XYE Independent Shareholders in relation to the exercise of Call Option (Group 3) pursuant to the Solar Farm (Group 3) Agreement and the Solar Farm Agreement;

“XYE Independent Financial Adviser”	means the independent financial adviser to be appointed by the XYE Independent Board Committee to advise the XYE Independent Board Committee and the XYE Independent Shareholders in relation to the exercise of Call Option (Group 3) pursuant to the Solar Farm (Group 3) Agreement and the Solar Farm Agreement;
“XYE Independent Shareholders”	means the shareholders of XYE other than the XYE Controlling Shareholders;
“XYE Prospectus”	means the prospectus issued by Xinyi Energy dated 15 May 2019;
“XYE Solar Farm (Group 2) Circular”	means the circular issued by Xinyi Energy dated 27 January 2021;
“XYE Shares”	means the issued shares of Xinyi Energy;
“XYS Board”	means the board of directors of Xinyi Solar;
“XYS Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, in the case of Xinyi Solar, 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;
“XYS Directors”	means the directors of Xinyi Solar;
“XYS Group”	means Xinyi Solar and its subsidiaries (other than members of the XYE Group);
“XYS Shares”	means the issued shares of Xinyi Solar;
“XYS Solar Farm Announcement”	means the announcement dated 2 November 2018 issued by Xinyi Solar;
“XYS Solar Farm Circular”	means the shareholders’ circular dated 2 November 2018 issued by Xinyi Solar; and

“%”

denotes as per cent.

By order of the board of directors of
Xinyi Energy Holdings Limited
TUNG Fong Ngai
*Executive Director and
Chief Executive Officer*

By order of the board of directors of
Xinyi Solar Holdings Limited
LEE Yau Ching
*Executive Director and
Chief Executive Officer*

Hong Kong, 11 April 2022

The translation of RMB into HK\$ in this joint announcement is based on the rate of RMB0.8128 = HK\$1.0.

No representation is made that any amount in RMB and HK\$ can be or could have been converted at the relevant dates at this rate or any other rates at all.

As of the date of this joint announcement, the XYE Board comprises five executive XYE Directors, namely Mr. LEE Shing Put, B.B.S. (Chairman of the XYE Board), Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P., Mr. TUNG Fong Ngai, Mr. LEE Yau Ching, and Ms. CHENG Shu E, and three independent non-executive XYE Directors, namely Mr. LEUNG Ting Yuk, The Hon. IP Kwok Him, G.B.M., G.B.S., J.P., and Ms. LYU Fang.

As of the date of this joint announcement, the XYS Board comprises four executive XYS Directors, namely Dr. LEE Yin Yee, B.B.S. (Chairman of the XYS Board), Mr. LEE Yau Ching, Mr. LI Man Yin, and Mr. CHEN Xi, two non-executive XYS 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 XYS Directors, namely Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent, and Mr. KAN E-ting, Martin.

This joint announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk, Xinyi Energy at www.xinyienergy.com, and Xinyi Solar at www.xinyisolar.com.

** The English translation of Chinese names or words in this joint announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words*