



# XINYI ENERGY HOLDINGS LIMITED

## 信義能源控股有限公司

*(Incorporated in the British Virgin Islands with limited liability)*

Stock Code : 03868



# 2022

## INTERIM REPORT



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## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Mr. LEE Shing Put, B.B.S. (*Chairman*)<sup>o-</sup>

Tan Sri Datuk TUNG Ching Sai

*P.S.M, D.M.S.M, J.P. (Vice Chairman)*<sup>o<</sup>

Mr. TUNG Fong Ngai

*(Chief Executive Officer)*<sup>^</sup>

Mr. LEE Yau Ching

Ms. CHENG Shu E<sup>=</sup>

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEUNG Ting Yuk<sup>o<=</sup>

Mr. IP Kwok Him, G.B.M., G.B.S., J.P.<sup>#+ <=</sup>

Ms. LYU Fang<sup># o<=</sup>

<sup>o</sup> Chairman of audit committee

<sup>#</sup> Members of audit committee

<sup>+</sup> Chairman of remuneration committee

<sup>o</sup> Members of remuneration committee

<sup>~</sup> Chairman of nomination committee

<sup><</sup> Members of nomination committee

<sup>^</sup> Chairman of acquisition committee

<sup>=</sup> Member of acquisition committee

### COMPANY SECRETARY

Mr. TUEN Ling, CPA

### REGISTERED OFFICE

Jayla Place

Wickhams Cay I

Road Town

Tortola, VG1110

British Virgin Islands

### PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 102, Meidiya Road

E Qiao Town

Sanshan District

Wuhu City

Anhui Province

China

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2118-2120, 21/F

Rykadan Capital Tower

No. 135 Hoi Bun Road

Kwun Tong, Kowloon

Hong Kong

### LEGAL ADVISERS AS TO HONG KONG LAW

Squire Patton Boggs

29th Floor, Edinburgh Tower

The Landmark

15 Queen's Road Central

Hong Kong

### AUDITOR

PricewaterhouseCoopers,

Certified Public Accountants and

Registered PIE Auditor

22nd Floor, Prince's Building

Central, Hong Kong

## CORPORATE INFORMATION

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Ciyu Bank Corporation Limited  
DBS Bank (Hong Kong) Limited  
China Citic Bank  
Huishang Bank Corporation Limited

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BRITISH VIRGIN ISLANDS

Ocorian Corporate Services (BVI) Limited  
Jayla Place, Wickhams Cay I  
PO Box 3190  
Road Town, Tortola, VG1110  
British Virgin Islands

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### WEBSITE

<https://www.xinyienergy.com>

### SHARE INFORMATION

Place of listing: Main Board of The Stock Exchange of Hong Kong Limited  
Stock Code: 03868  
Listing date: 28 May 2019  
Board lot: 2,000 ordinary shares  
Financial year end: 31 December  
Share price as at the date of this interim report: HK\$3.86  
Market capitalisation as of the date of this interim report:  
Approximately HK\$28.17 billion

### KEY DATES

Closure of register of members:  
Tuesday, 16 August 2022 to  
Thursday, 18 August 2022  
(both days inclusive)

Proposed interim dividend payable date:  
On or about Wednesday,  
28 September 2022

## FINANCIAL HIGHLIGHTS

	Six months ended 30 June	Year ended 31 December	
	2022 (Unaudited)	2021 (Unaudited)	2021 (Audited)
<i>(in HK\$'million)</i>			
Revenue	<b>1,257.8</b>	1,112.6	2,296.6
Profit attributable to the equity holders of Company	<b>623.1</b>	620.7	1,232.3
Distributable Income <sup>(1)</sup>	<b>563.3</b>	525.9	1,242.7
Dividends	<b>562.0</b>	526.1	1,256.0
<i>(in HK cents)</i>			
Earnings per Share			
– basic and diluted	<b>8.66</b>	8.73	17.33
Dividend per Share	<b>7.7</b>	7.4	17.4

	At 30 June	At 31 December	
	2022 HK\$'million (Unaudited)	2021 HK\$'million (Unaudited)	2021 HK\$'million (Audited)
Equity attributable to the equity holders of Company	<b>12,388.3</b>	12,149.4	12,552.6

Note:

- (1) See the paragraphs under "Adjusted EBITDA, Distributable Income and net profit" in this report for the calculation of the "Distribution Income".

## CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Xinyi Energy Holdings Limited (the "**Company**" together with its subsidiaries, the "**Group**" or "**Xinyi Energy**"), I am pleased to present the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2022 (the "**1H2022**"), together with the comparative figures for the six months ended 30 June 2021 (the "**1H2021**").

### OVERVIEW

During the 1H2022, the COVID-19 pandemic has continuously affected many cities in the People's Republic of China (the "**PRC**"), which caused drastic fluctuations in and had an unprecedented impact on the economic development in the PRC. As a solar farm owner and operator, the Group was not generally affected by the adversity. With the increase in the number of operating solar farm projects, the amount of revenue of the Group during the 1H2022 has continued to grow steadily.

The Group has completed the acquisition of 660 megawatts ("**MW**") of solar farm projects in 2021 (the "**2021 Portfolio**") and 40 MW of solar farm project during the 1H2022. Except for 40 MW of solar farm project, these solar farm projects have been in full operation during the 1H2022 and as such, the Group's revenue increased to HK\$1,257.8 million during the 1H2022, representing an increase of 13.1%, as compared with the 1H2021. The profit attributable to the equity holders of the Company for the 1H2022 remained stable and amounted to HK\$623.1 million. During the 1H2022, the basic earnings per share attributable to the equity holders of the Company was 8.66 HK cents, as compared with 8.73 HK cents for the 1H2021.

# CHAIRMAN'S STATEMENT

## BUSINESS REVIEW

### Continued steady growth of revenue contribution

During the 1H2022, the volume of electricity generated by the solar farm projects owned and operated by the Group grew steadily, primarily due to the full operation of the 2021 Portfolio acquired by the Group. As at 30 June 2022, the aggregate approved capacity of the solar farm projects of the Group amounted to 2,534 MW, as compared with 2,164 MW as at 30 June 2021. Alongside the increase in the sunlight hours throughout the 1H2022, the Group achieved an increase in the volume of the electricity generation.

The amount of revenue contributed from the 2021 Portfolio amounted to HK\$193.2 million during the 1H2022, representing a significant increase as compared with the 1H2021. The revenue from the other solar farm projects remained stable or slightly increased.

As all solar farm projects owned and operated by the Group are located in provinces or municipality with high electricity demand, the Group has not experienced any major curtailment of the electricity generated.

### Continuous acquisition of solar farm projects in the 1H2022

Following the end of the feed-in-tariff (the "FiT") regime in the photovoltaic (the "PV") industry in 2019, and the advent of the era of the grid-parity regime, the number of new solar farm projects available for sale in the market increases. Also, the price of the electricity generated from the newly completed solar farm projects is to be determined with reference to the local benchmark price of coal-fired power generation. This benefits the solar farm project owners by eliminating delays in receiving the subsidy payments under the FiT regime and uncertainties in distribution and provides a relatively stable and visible cash flows.

## CHAIRMAN'S STATEMENT

During the 1H2022, many cities in the PRC implemented lockdown measures because of the increasing cases of the COVID-19 infection. The solar PV industry was also affected by the lockdown, with the construction progress of the solar farm projects slowing down due to the labour shortage and the interrupted supply of the principal construction materials. The Group's acquisition plan was also slightly postponed and it completed one acquisition of a utility-scale solar farm project from an independent third party, which is located in Shaanxi Province, with an approved capacity of 40 MW.

For the rest of 2022, the Group continues to identify suitable solar farm projects in the PRC for the purpose of achieving the acquisition plan with steadily annual growth in the aggregate approved electricity generation capacity. Meanwhile, the Group will deliberately assess the market conditions and the selling price of solar farm projects, thereby ensuring those acquisitions can bring attractive investment return to the Group.

As at 30 June 2022, the Group owned and operated solar farm projects with the aggregate approved capacity of 2,534 MW, among which, 1,724 MW was under the FIT regime and 810 MW was under the grid-parity regime.

### BUSINESS OUTLOOK

In 2021, the solar PV sector in the PRC has achieved a new record in terms of the energy generation capacity, despite the increase in the raw material prices and the delays to the supply chain amid the COVID-19 pandemic. Also, the geopolitical issues in Europe during the 1H2022 led to a global energy crisis and required governments around the world to be cautiously aware of the importance of the transitioning from the traditional fossil energy to the renewable energy.

The installation costs of renewable energy systems, such as those in the solar PV and wind power sectors, have been increasing since 2020, reversing a decade-long installation cost reduction trend. Many experts expect that the installation costs would continue to remain higher than the pre-pandemic level in the next two years, but they also believe that the renewable energy has significant potential to reduce the installation costs even in a short term. The competitiveness of the renewable energy has actually improved, primarily due to the continuous increases in the fossil fuel price during the 1H2022.

## CHAIRMAN'S STATEMENT

During the 1H2022, the COVID-19 pandemic raged across the PRC. General economic activities were disrupted by the intermittent lockdown measures to prevent the spread of the COVID-19 cases. The solar PV industry was also affected to a certain extent, with the construction progress of solar farm projects slowing down by the delayed production process of certain key construction materials. It is expected that in the second half of 2022, the COVID-19 epidemic would generally be brought under control in the PRC, enabling the control measures to be relaxed and the economic performance will be recovered.

According to the latest forecast made by the International Energy Agency (the "IEA"), the total global renewable energy installations will increase by more than 8% year-on-year in 2022, mainly driven by the growth in PRC and Europe. The solar PV sector is forecast to account for 60% of the increase in the global renewable capacity this year, with the commissioning of 190 gigawatts ("GW"). It is expected that utility-scale solar farm projects will account for two-thirds of the solar PV sector's overall expansion in the PRC. This expansion will include new solar PV and wind power projects in the Xinjiang Autonomous Region and the Inner Mongolia Autonomous Region with total capacity of 450 GW announced by the National Development and Reform Commission of the PRC, and the development of 100 GW of which has commenced in early 2022. Also, the Ministry of Finance announced that the issue on the outstanding subsidy payments would be addressed in 2022, which would enhance the liquidity and the cash flows of solar farm project developers and new funding available for new projects will also be unlocked. In the absence of subsidies, many provincial governments are providing tax incentives or low-interest financing for new renewable energy projects. Those government policies are also beneficial to the solar PV sector.

In April 2022, the Group entered into a sale and purchase agreement with Xinyi Power (BVI) Limited, a wholly-owned subsidiary of Xinyi Solar Holdings Limited ("Xinyi Solar"), the holding company of the Company, pursuant to which the Group agreed to acquire a total of four utility-scale solar farm projects, with total approved capacity of 650 MW, in 2022. The acquisition of those solar farm projects will be completed by the end of 2022 as scheduled, unless the construction progress would be delayed because of the persistent COVID-19 pandemic.

## CHAIRMAN'S STATEMENT

Furthermore, the Group will continue to expand its portfolio of solar farm projects in second half of 2022 with solar farm projects that can generate attractive investment returns to the Group. The Group plans to acquire additional solar farm projects with total approved electricity generation capacity not less than 300 MW. In July 2022, the Group has completed the acquisition of two utility-scale grid-parity solar farm projects in total approved capacity of 130 MW, and these two projects will commence full operation before the end of 2022. For the rest of 2022, the Group will deliberately assess the commercial merits of each target solar farm project so as to maintain and achieve attractive investment returns for the shareholders of the Company (the "**Shareholders**").

Finally, the Directors believe that the negative impacts, such as the COVID-19 pandemic or record-level raw material and commodity prices, will only have short-term impact on the development of the PRC's renewable energy industry. The Group will continuously seize opportunities to expand and strengthen its business and asset portfolio.

**LEE Shing Put, B.B.S.**

*Chairman*

Hong Kong, 1 August 2022

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

During the 1H2022, the Group's revenue was mainly derived from two core businesses, namely (i) solar power electricity generation and (ii) the provision of solar farm operation and management services. Revenue from solar power electricity generation slightly increased, as compared with the same in the 1H2021, due to the revenue contribution from the 2021 Portfolio.

The table below sets forth an analysis of the Group's revenue in the 1H2022, as compared to the 1H2021:

	1H2022		1H2021		Increase	
	HK\$' million	% of revenue	HK\$' million	% of revenue	HK\$' million	%
Sales of electricity	620.9	49.3	510.5	45.9	110.4	21.6
Tariff adjustment	632.3	50.3	597.5	53.7	34.8	5.8
	<b>1,253.2</b>	<b>99.6</b>	1,108.0	99.6	145.2	13.1
Operation and management services	4.6	0.4	4.6	0.4	–	–
<b>Total</b>	<b>1,257.8</b>	<b>100.0</b>	1,112.6	100.0	145.2	13.1

The Group's revenue contributed by the sales of electricity and the tariff adjustment increased by 21.6% to HK\$620.9 million and 5.8% to HK\$632.3 million, respectively, as compared to the 1H2021. The increase was primarily due to the full performance and contribution of the 2021 Portfolio, partially offset by the depreciation of the Renminbi ("RMB") against the Hong Kong Dollar ("HKD").

## MANAGEMENT DISCUSSION AND ANALYSIS

During the 1H2022, the Group's revenue from solar power electricity generation was contributed by the following solar farm projects:

Name of the solar farm projects	Location in the PRC	Approved capacity (MW)
Initial solar farm projects owned and operated by the Group	Nine solar farm projects located in Anhui Province, Fujian Province, Hubei Province and Tianjin Municipality	954
Solar farm projects acquired by the Group in 2019 ("2019 Portfolio")	Six solar farm projects located in Anhui Province, Hubei Province and Henan Province	540
Solar farm projects acquired by the Group in 2020 ("2020 Portfolio")	Five solar farm projects located in Anhui Province, Hubei Province and Guangdong Province	340
Solar farm projects acquired by the Group in 2021 ("2021 Portfolio")	Eight solar farm projects located in Anhui Province, Hebei Province, Hubei Province and Guangdong Province	660
Solar farm project acquired in the 1H2022 Baoji Yilin Solar Farm	Shaanxi Province	40
<b>Total</b>		<b>2,534</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

During the 1H2022, the Group recorded revenue of HK\$4.6 million from the provision of solar farm operation and management services, which represented 0.4% of the total revenue for the period. All of the revenue generated by the solar farms operation and management services was provided to the connection-ready solar farm projects currently owned by Xinyi Solar pursuant to the Solar Farm Operation and Management Agreement. Those services provided by the Group are on normal commercial terms, taking into consideration factors such as price, service quality, and work efficiency, comparable to the services provided to independent third parties.

### Cost of sales

During the 1H2022, the Group continuously achieved an efficient operation with lower costs by implementing a sophisticated management system for the individual solar farms and a nationwide centralised surveillance system.

The Group's cost of sales increased by 19.2% to HK\$343.3 million during the 1H2022 from HK\$287.9 million during the 1H2021. The increase was mainly due to the increase in (i) the depreciation charge of property, plant and equipment and right-of-use assets; (ii) employee benefit expenses; and (iii) electricity costs following the full performance of the 2021 Portfolio.

### Gross profit

The Group's gross profit increased by HK\$89.8 million, or 10.9% to HK\$914.5 million during the 1H2022, from HK\$824.7 million during the 1H2021, which is in line with the increase in revenue. The increase was mainly due to the greater contribution from the solar power electricity generation.

The Group's overall gross profit margin decreased by 1.4 percentage points from 74.1% in the 1H2021 to 72.7% during the 1H2022. The decrease was primarily due to the increase in costs of sales, which exceeded the increase in revenue. However, the gross profit margin still remained stable.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Other income

During the 1H2022, other income significantly increased by HK\$5.1 million to HK\$7.3 million, as compared to HK\$2.2 million during the 1H2021. The increase was mainly due to (i) the receipt of insurance compensations and (ii) disposals of scraps, partially offset by the decrease in the receipt of the government grants from the PRC government during the 1H2022.

### Other (losses)/gains, net

The Group recorded other losses, net of HK\$1.4 million during the 1H2022, as compared to other gains, net of HK\$450,000 during the 1H2021, mainly due to the foreign exchange losses in relation to the depreciation of the RMB against the HKD.

### Administrative expenses

During the 1H2022, the Group's administrative expenses increased by HK\$9.6 million, from HK\$22.7 million during the 1H2021 to HK\$32.3 million. The increase was mainly due to the increase in (i) insurance expenses and (ii) miscellaneous expenses.

### Finance income and finance costs

The finance income decreased by HK\$6.6 million to HK\$7.3 million during the 1H2022 due to a decrease in bank interest income as a result of (i) the net proceeds of the global offering having been fully utilised during the 1H2021 and (ii) the receipt of the subsidy payment continuously reduced during the 1H2022.

The total finance costs of the Group amounted to HK\$109.8 million during the 1H2022, as compared to HK\$93.8 million during the 1H2021. The interest expenses on bank borrowings significantly increased from HK\$18.0 million during the 1H2021 to HK\$32.9 million during the 1H2022. The increase was mainly due to the increase in (i) the balance of interest-bearing bank borrowings and (ii) the bank borrowing's effective interest rate. The interest component on the lease liabilities increased by HK\$3.2 million to HK\$22.2 million due to the completion of acquisition of the 2021 Portfolio. Meanwhile, the Group also incurred imputed interest expenses on the deferred payment of the consideration of the acquisition of the 2019 Portfolio of HK\$54.7 million during the 1H2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Income tax expense

The Group incurred income tax expense of HK\$161.5 million during the 1H2022 as compared to HK\$102.8 million during the 1H2021. The increase was principally due to (i) the acquisition of the 2021 Portfolio; (ii) 12 solar farm projects commencing the full payment of PRC corporate income tax at the statutory rate of 25% (1H2021: 4 solar farm projects); and (iii) the increase in the solar power electricity generated as well as the revenue during the corresponding period.

### Adjusted EBITDA, Distributable Income and net profit

During the 1H2022, the adjusted EBITDA was HK\$1,182.7 million, representing an increase of 11.8%, as compared to HK\$1,057.6 million during the 1H2021. The adjusted EBITDA margin decreased by 1.1 percentage points, from 95.1% during the 1H2021 to 94.0% during the 1H2022.

The Distributable Income, pursuant to the distribution policy of the Group, was HK\$563.3 million, which represents an increase of 7.1%, as compared to HK\$525.9 million recorded during the 1H2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

The reconciliation from the profit for the period to the adjusted EBITDA and the Distributable Income during the 1H2022 and the 1H2021 are as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Profit for the period</b>	<b>624,097</b>	621,905
Corporate income tax and dividend withholding tax expense	<b>168,057</b>	106,887
Finance costs	<b>109,816</b>	93,831
Finance income	<b>(7,306)</b>	(13,869)
Depreciation charge of property, plant, and equipment	<b>294,024</b>	251,469
Adjustments:		
Other income	<b>(7,322)</b>	(2,201)
Other losses/(gains), net	<b>1,383</b>	(450)
<b>Adjusted EBITDA for the period</b>	<b>1,182,749</b>	1,057,572
Less:		
Corporate income tax at notional rate	<b>(196,406)</b>	(181,184)
Dividend withholding tax at notional rate	<b>(36,633)</b>	(34,338)
Notional long-term debt repayment principal amount	<b>(275,631)</b>	(221,123)
Total finance costs	<b>(109,816)</b>	(93,831)
Total profit attributable to non-controlling interests	<b>(1,011)</b>	(1,167)
<b>Distributable Income for the period</b>	<b>563,252</b>	525,929

Net profit attributable to equity holders of the Group during the 1H2022 was HK\$623.1 million, representing a slight increase of 0.4%, as compared to HK\$620.7 million during the 1H2021. The decrease in the net profit margin from 55.8% for the 1H2021 to 49.5% during the 1H2022 was primarily due to the increase in (i) the depreciation charge of property, plant and equipment and right-of-use assets; (ii) the income tax expense; (iii) the finance costs; and (iv) the administrative expenses.

## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group's total assets decreased by 1.1% to HK\$20,967.5 million and its net assets decreased by 1.3% to HK\$12,396.5 million. The Group's current ratio as at 30 June 2022 slightly decreased to 1.2, as compared to 1.3 as at 31 December 2021, due to (i) the increase in trade and other receivables; (ii) the increase in cash and cash equivalents; and (iii) the decrease in accruals and other payables being offset by (i) an increase in current portion of bank borrowings and (ii) payable of a final dividend for the year ended 31 December 2021.

The Group's net debt gearing ratio (bank borrowings minus cash and cash equivalents divided by total equity) as at 30 June 2022 was 24.5% (31 December 2021: 30.1%). The decrease was mainly due to (i) the decrease in bank borrowings and (ii) the increase in cash and cash equivalents.

As at 30 June 2022, the Group's financial position remained healthy, with the cash and cash equivalents of HK\$1,213.2 million. During the 1H2022, the net cash generated from operating activities was HK\$597.9 million (1H2021: HK\$297.4 million), which was primarily attributable to the profit before income tax of HK\$785.6 million and partially offset by an increase in trade and other receivables. Net cash used in investing activities amounted to HK\$525.4 million (1H2021: HK\$1,826.5 million), which was primarily attributable to the settlement of outstanding capital expenditure for solar farm projects which had previously completed construction during the period. Net cash generated from financing activities amounted to HK\$67.3 million (1H2021: HK\$1,012.4 million) which was primarily attributable to (i) the new bank borrowings of HK\$240.0 million and (ii) the proceeds from issuance of shares in respect of placing of HK\$780.0 million, through partially offset by (i) repayment of bank borrowings of HK\$881.2 million and (ii) the settlement of deferred consideration payable for acquisition of HK\$42.4 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL EXPENDITURES AND COMMITMENTS

During the 1H2022, the Group incurred capital expenditures of HK\$532.9 million, which were mainly (i) used in further refinement of the existing and newly acquired solar farm projects and (ii) used in the settlement of outstanding capital expenditures of the existing solar farm projects. As at 30 June 2022, the Group did not have other capital commitments (31 December 2021: Nil).

### PLEDGE OF ASSETS

The Group did not have any pledged asset as security for bank borrowings as at 30 June 2022.

### CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities.

### MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

For the 1H2022, the Group acquired one solar farm project with a capacity of 40 MW from an independent third party. Please refer to Note 10 to the condensed consolidated financial information in this report for further details.

Save as disclosed above, there was no material acquisition and disposal of subsidiaries for the 1H2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN FOREIGN EXCHANGE RATES

The Group's solar farm projects are in the PRC with most of the transactions denominated and settled in RMB. The financial performance and value of assets could be affected by the exchange rate fluctuation between RMB and HKD. The Group may use financial instruments for hedging purposes when faced material difficulties and liquidity problems resulting from currency exchange fluctuation.

All of the revenue generated from the solar farm projects are denominated in RMB and the bank borrowings are denominated in HKD. There is a currency mismatch between bank borrowings with the source of revenue. The Directors believe that the risk of currency mismatch may be minimised by the lower bank borrowing rates of HKD, as compared to the RMB. As at 30 June 2022, all bank borrowings were denominated in HKD.

During the 1H2022, the Group has not experienced any material difficulties and liquidity problems resulting from the fluctuations of currency exchange. However, the Group may use financial instruments for hedging purposes as and when required. During the 1H2022, the Group did not use any financial instrument for hedging purpose.

### EMPLOYEES AND REMUNERATION POLICY

The Group highly values its employees, sharing mutual benefits and growth with them. The Group constantly explores each employee's potential and ability. Likewise, the Group will continue to hire new employees when appropriate to support business development.

As at 30 June 2022, the Group had 298 full-time employees in total in Hong Kong and the PRC. Total staff costs, including Directors' emoluments were HK\$24.3 million for the 1H2022. The employees are remunerated based on their qualifications, job nature, performance and work experiences, while taking reference from the prevailing market rate. Apart from the basic remuneration and discretionary bonus, the Group also provides a mandatory provident fund scheme to employees in Hong Kong and statutory social welfare contribution to employees in the PRC, while adhering to the local laws and regulations.

## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF THE NET PROCEEDS FROM PLACING IN APRIL 2022

In April 2022, the Company raised net proceeds of HK\$779.5 million from the placing of 188,400,000 new shares of the Company. The table below sets forth the proposed application of the net proceeds and the utilisation up to 30 June 2022:

	Proposed application of the net proceeds <i>HK\$' million</i>	Amount utilised up to 30 June 2022 <i>HK\$' million</i>	Remaining balance up to 30 June 2022 <i>HK\$' million</i>	Timeline for the intended use
Capital expenditure				
General working capital	<u>779.5</u>	<u>–</u>	<u>779.5</u>	By end of 2022

## CONDENSED CONSOLIDATED INCOME STATEMENT

<b>Six months ended 30 June</b>			
	Note	<b>2022</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2021 <i>HK\$'000</i> <i>(Unaudited)</i>
<b>Revenue</b>	3	<b>1,257,766</b>	1,112,638
Cost of sales		<b>(343,252)</b>	(287,898)
<b>Gross profit</b>		<b>914,514</b>	824,740
Other income	3	<b>7,322</b>	2,201
Other (losses)/gains, net	4	<b>(1,383)</b>	450
Administrative expenses		<b>(32,320)</b>	(22,694)
<b>Operating profit</b>	5	<b>888,133</b>	804,697
Finance income	6	<b>7,306</b>	13,869
Finance costs	6	<b>(109,816)</b>	(93,831)
<b>Profit before income tax</b>		<b>785,623</b>	724,735
Income tax expense	7	<b>(161,526)</b>	(102,830)
<b>Profit for the period</b>		<b>624,097</b>	621,905
<b>Profit for the period attributable to:</b>			
– Equity holders of the Company		<b>623,086</b>	620,738
– Non-controlling interests		<b>1,011</b>	1,167
		<b>624,097</b>	621,905
<b>Basic and diluted earnings per share attributable to the equity holders of the Company</b>			
(Expressed in HK cents per share)	8	<b>8.66</b>	8.73

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended 30 June</b>	
	<b>2022</b> <i>HK\$'000</i> <i>(Unaudited)</i>	2021 <i>HK\$'000</i> <i>(Unaudited)</i>
<b>Profit for the period</b>	<b>624,097</b>	621,905
<b>Other comprehensive (loss)/income, net of tax:</b>		
Item that may be reclassified to profit or loss		
– Currency translation differences	<b>(838,540)</b>	127,471
<b>Total comprehensive (loss)/income for the period</b>	<b>(214,443)</b>	749,376
<b>Total comprehensive (loss)/income for the period attributable to:</b>		
– Equity holders of the Company	<b>(214,832)</b>	748,119
– Non-controlling interests	<b>389</b>	1,257
	<b>(214,443)</b>	749,376

## CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	13,150,514	13,838,059
Right-of-use assets		638,363	698,594
Prepayments for property, plant and equipment	12	245,429	61,239
Deferred income tax assets		22,370	20,192
Goodwill		425,818	445,192
<b>Total non-current assets</b>		<b>14,482,494</b>	15,063,276
<b>Current assets</b>			
Trade and other receivables and prepayments	12	5,270,202	5,030,652
Amounts due from fellow subsidiaries	16	1,592	3,164
Cash and cash equivalents		1,213,238	1,104,858
<b>Total current assets</b>		<b>6,485,032</b>	6,138,674
<b>Total assets</b>		<b>20,967,526</b>	21,201,950
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	13	72,984	71,100
Other reserves		6,914,199	7,703,506
Retained earnings		5,401,080	4,777,994
		<b>12,388,263</b>	12,552,600
Non-controlling interests		8,241	7,852
<b>Total equity</b>		<b>12,396,504</b>	12,560,452

## CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
	Note		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	15	1,963,358	2,843,918
Lease liabilities		642,359	692,013
Other payables	14	48,727	65,743
Deferred income tax liabilities		318,897	335,437
		<u>2,973,341</u>	<u>3,937,111</u>
<b>Current liabilities</b>			
Bank borrowings	15	2,281,356	2,036,302
Lease liabilities		38,162	31,680
Accruals and other payables	14	683,971	831,410
Dividend payable		729,840	–
Amount due to immediate holding company	16	1,766,139	1,753,764
Current income tax liabilities		98,213	51,231
		<u>5,597,681</u>	<u>4,704,387</u>
		<u>8,571,022</u>	<u>8,641,498</u>
		<u>20,967,526</u>	<u>21,201,950</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company ( <i>Unaudited</i> )					
	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>Balance at 1 January 2022</b>	71,100	7,703,506	4,777,994	12,552,600	7,852	12,560,452
<b>Comprehensive income</b>						
Profit for the period	-	-	623,086	623,086	1,011	624,097
<b>Other comprehensive loss</b>						
Currency translation differences	-	(837,918)	-	(837,918)	(622)	(838,540)
<b>Total comprehensive (loss)/income for the period</b>	-	(837,918)	623,086	(214,832)	389	(214,443)
<b>Transactions with the owner of the Company</b>						
Employees' share option scheme: - value of employee services	-	874	-	874	-	874
Issuance of shares in respect of placing, net of transaction cost ( <i>Note 13</i> )	1,884	777,577	-	779,461	-	779,461
2021 final dividend ( <i>Note 9</i> )	-	(729,840)	-	(729,840)	-	(729,840)
<b>Balance at 30 June 2022</b>	<u>72,984</u>	<u>6,914,199</u>	<u>5,401,080</u>	<u>12,388,263</u>	<u>8,241</u>	<u>12,396,504</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company (Unaudited)					
	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>Balance at 1 January 2021</b>	71,100	8,232,630	3,701,550	12,005,280	5,005	12,010,285
<b>Comprehensive income</b>						
Profit for the period	–	–	620,738	620,738	1,167	621,905
<b>Other comprehensive income</b>						
Currency translation differences	–	127,381	–	127,381	90	127,471
<b>Total comprehensive income for the period</b>	–	127,381	620,738	748,119	1,257	749,376
<b>Transactions with the owner of the Company</b>						
Employees' share option scheme:						
– value of employee services	–	352	–	352	–	352
2020 final dividend (Note 9)	–	(604,350)	–	(604,350)	–	(604,350)
<b>Balance at 30 June 2021</b>	<u>71,100</u>	<u>7,756,013</u>	<u>4,322,288</u>	<u>12,149,401</u>	<u>6,262</u>	<u>12,155,663</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June		
Note	<b>2022</b> <i>HK\$'000</i> <i>(Unaudited)</i>	2021 <i>HK\$'000</i> <i>(Unaudited)</i>
<b>Cash flows from operating activities</b>		
	<b>742,112</b>	427,180
	<b>(27,202)</b>	(17,581)
	<b>(117,036)</b>	(112,150)
	<b>597,874</b>	297,449
<b>Cash flows from investing activities</b>		
	<b>(532,934)</b>	(397,232)
	<b>202</b>	43
10	—	(1,438,499)
	—	(4,683)
	<b>7,305</b>	13,869
	<b>(525,427)</b>	(1,826,502)

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<b>Six months ended 30 June</b>		
Note	<b>2022</b> <i>HK\$'000</i> <i>(Unaudited)</i>	2021 <i>HK\$'000</i> <i>(Unaudited)</i>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares in respect of placing	<b>779,976</b>	–
Payments for professional fees in connection with issuance of shares in respect of placing	<b>(515)</b>	–
Settlement of deferred consideration payable for acquisition	<b>(42,363)</b>	–
Proceeds from bank borrowings	<b>240,000</b>	2,550,000
Repayments of bank borrowings	<b>(881,200)</b>	(918,559)
Principal elements of lease payments	<b>(28,613)</b>	(14,702)
Dividend paid to the Company's shareholders	<b>–</b>	(604,350)
<b>Net cash generated from financing activities</b>	<b>67,285</b>	1,012,389
<b>Net increase/(decrease) in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the period	<b>1,104,858</b>	(516,664)
Effect of foreign exchange rate changes	<b>(31,352)</b>	7,405
<b>Cash and cash equivalents at end of the period</b>	<b>1,213,238</b>	803,160

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

Xinyi Energy Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are principally engaged in the operation and management of solar farms in the People’s Republic of China (the “**PRC**”).

This unaudited condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. This unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors on 1 August 2022.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standards (“**HKAS**”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants. This unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements.

#### (a) New standard, amendments to standards and accounting guideline adopted by the Group

The following new standard, amendments to standards and accounting guideline are effective for accounting period beginning on or after 1 January 2022. The adoption of which does not have a material impact on the results and financial position for the current or prior periods of the Group.

HKFRS 16 (Amendments)	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope Amendments
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

#### (b) New standards, amendments to standards and interpretations have been issued but not yet effective for the accounting period beginning on 1 January 2022 and not early adopted by the Group

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment on the impact of these new standards, amendments to standards and interpretations. Preliminary assessment results showed that their application are not expected to have material impact on the financial performance and the financial position of the Group.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 3 REVENUE, OTHER INCOME AND SEGMENT INFORMATION

Revenue and other income recognised during the period are as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
<b>Revenue</b>		
Recognised at a point in time:		
– Sales of electricity	<b>620,921</b>	510,475
– Tariff adjustment	<b>632,244</b>	597,539
Recognised over time:		
– Solar farm operation and management services	<b>4,601</b>	4,624
	<b>1,257,766</b>	1,112,638
<b>Other income</b>		
Government grants ( <i>Note</i> )	<b>81</b>	645
Compensation of insurance claims	<b>3,130</b>	–
Others	<b>4,111</b>	1,556
	<b>7,322</b>	2,201

*Note:*

Government grants mainly represent grants received from the PRC government in subsidising the Group's general operations.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 3 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

#### Segment information

The Group is mainly engaged in the operation and management of solar farms in the PRC. Information reported to the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available.

No segment of assets and liabilities are presented as no discrete financial information is available.

All of the non-current assets of the Group are located in the PRC and with country of domicile being the PRC.

### 4 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Foreign exchange (losses)/gains, net	(1,187)	450
Loss on disposal of property, plant and equipment	(196)	—
	<b>(1,383)</b>	<b>450</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 5 OPERATING PROFIT

Operating profit is stated after charging the following:

	<b>Six months ended 30 June</b>	
	<b>2022</b> <i>HK\$'000</i> <i>(Unaudited)</i>	2021 <i>HK\$'000</i> <i>(Unaudited)</i>
Depreciation charge of property, plant and equipment ( <i>Note 11</i> )	<b>294,024</b>	251,469
Depreciation charge of right-of-use assets	<b>14,820</b>	12,547
Employee benefit expenses (including directors' emoluments)	<b>24,284</b>	17,894
Electricity	<b>8,795</b>	5,984
Repair and maintenance	<b>8,804</b>	6,977
Insurance expenses	<b>5,875</b>	3,325

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 6 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Finance income		
Interest income from bank deposits	<b>7,306</b>	13,869
Finance costs		
Interest on lease liabilities	<b>22,182</b>	18,975
Interest expense on bank borrowings	<b>32,896</b>	18,024
Interest expense on deferred payment of business combination purchases consideration	<b>54,738</b>	56,832
	<b>109,816</b>	93,831

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 7 INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2022</b> <i>HK\$'000</i> <i>(Unaudited)</i>	2021 <i>HK\$'000</i> <i>(Unaudited)</i>
Current income tax	<b>168,057</b>	106,887
Deferred income tax	<b>(6,531)</b>	(4,057)
	<b>161,526</b>	102,830

*Notes:*

- (a) The Company was incorporated in the British Virgin Islands and is exempted from payment of the British Virgin Islands income tax.
- (b) No provision for Hong Kong profits tax has been made for the period as the Group did not generate any assessable profits arising in Hong Kong during the period.
- (c) The applicable corporate income tax ("**CIT**") rate for the Group's subsidiaries in the PRC is 25% except that:
  - A subsidiary engaging in operation and management of solar farms in Anhui Province is qualified as a "High and New Technology Enterprise" and would be entitled to enjoy a preferential CIT rate of 15% (2021: 15%);
  - A subsidiary engaging in development of operation and management systems in Guangxi Zhuang Autonomous Region is qualified as an "Encouraged Enterprise" in the Catalogue of Industries Encouraged for Foreign Investment in Central and Western Region and would be entitled to enjoy a preferential CIT rate of 9% (2021: 9%); and
  - Subsidiaries engaging in the solar farms business enjoyed tax holiday and their profits are fully exempted from the CIT for three years starting from its first year of revenue generation, followed by 50% reduction in CIT in next three years. However, their government grants and insurance claims received are subject to the CIT rate of 25% (2021: 25%).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 8 EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>Six months ended 30 June</b>	
	<b>2022</b> <i>(Unaudited)</i>	2021 <i>(Unaudited)</i>
Profit attributable to equity holders of the Company (HK\$'000)	<b>623,086</b>	620,738
Weighted average number of ordinary shares in issue (thousands)	<b>7,197,433</b>	7,109,998
Basic earnings per share (HK cents)	<b>8.66</b>	8.73

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 8 EARNINGS PER SHARE (Continued)

#### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. In the 1H2022, the Company has one category of potentially dilutive shares, share options. The calculation for share options is determined by the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the period) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	<b>Six months ended 30 June</b>	
	<b>2022</b> <i>(Unaudited)</i>	2021 <i>(Unaudited)</i>
Profit attributable to equity holders of the Company (HK\$'000)	<b>623,086</b>	620,738
Weighted average number of ordinary shares in issue (thousands)	<b>7,197,433</b>	7,109,998
Adjustments for share options (thousands)	<b>700</b>	747
	<b>7,198,133</b>	7,110,745
Diluted earnings per share (HK cents)	<b>8.66</b>	8.73

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 9 DIVIDENDS

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Final dividend for 2021 of 10.0 HK cents (2020: 8.5 HK cents) per share	729,840	604,350
Proposed interim dividend of 7.7 HK cents (2021: 7.4 HK cents) per share	561,977	526,140

At a meeting of the Board held on 1 August 2022, the Directors resolved to declare an interim dividend of 7.7 HK cents per share for the six months ended 30 June 2022. This interim dividend, amounting to HK\$561,977,000, is based on 7,298,398,471 issued shares as at 30 June 2022 and has not been recognised as a liability in this unaudited condensed consolidated interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2022.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 10 BUSINESS COMBINATION

The Group's strategy is to continue to acquire solar farm projects for the purpose of enhancing its portfolio. During the six months ended 30 June 2022, the Group completed the acquisition of solar farm project in the PRC from an independent third party.

The table below summarised the details of the solar farm project acquired.

Name of the company	Solar farm project acquired			
	Equity interest acquired	Location	Number of solar farm	Approved capacity (MW)
Baoji Yilin Renewable Energy Limited	100%	Shaanxi Province, PRC	1	40

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 10 BUSINESS COMBINATION (Continued)

The above business combination is immaterial to the Group. Details of the financial information as at acquisition date is presented as follows:

	<b>HK\$'000</b> <b>(Unaudited)</b>
Purchases consideration	
Fair value of cash consideration	673
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	74,932
Right-of-use assets	17,604
Accruals and other payables	(74,259)
Lease liabilities	(17,775)
Total identifiable net assets	502
Goodwill <i>(Note (b))</i>	171
	<u>673</u>
Net cash outflow arising from the acquisition	
Cash consideration	673
Less: Cash consideration payable	(673)
	<u>—</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 10 BUSINESS COMBINATION (Continued)

Notes:

- (a) Revenue and profit contribution

The table below illustrates the revenue and the profit included in the condensed consolidated income statement since acquisition date contributed by the acquisition.

	<i>HK\$'000</i> <i>(Unaudited)</i>
Revenue	–
Profit contributed to the Group	–

If the acquisition had occurred on 1 January 2022, the revenue of the Group would remain unchanged and the condensed consolidated income statement would show pro-forma profit of approximately HK\$623,926,000.

- (b) Goodwill

The Group recognised goodwill of approximately HK\$171,000 in the condensed consolidated balance sheet in connection with the acquisition. The goodwill is attribute to the synergies expected to arise after the acquisition because of the close proximity of this project to other solar farms currently operated by the Group. The goodwill will not be deductible for tax purposes.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 11 PROPERTY, PLANT AND EQUIPMENT

	Solar farms HK\$'000	Buildings HK\$'000	Motor vehicles, furniture and fixtures, equipment and others HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2022</b>				
<b>(Unaudited)</b>				
Opening net book amount	13,653,520	171,458	13,081	13,838,059
Additions	118,168	4,633	7,809	130,610
Acquisition of a subsidiary (Note 10)	74,932	–	–	74,932
Disposal	(299)	–	(99)	(398)
Depreciation charge	(289,058)	(3,649)	(1,317)	(294,024)
Currency translation differences	(590,031)	(7,848)	(786)	(598,665)
Closing net book amount	<u>12,967,232</u>	<u>164,594</u>	<u>18,688</u>	<u>13,150,514</u>
<b>At 30 June 2022 (Unaudited)</b>				
Cost	15,417,320	204,585	25,442	15,647,347
Accumulated depreciation	<u>(2,450,088)</u>	<u>(39,991)</u>	<u>(6,754)</u>	<u>(2,496,833)</u>
Net book amount	<u>12,967,232</u>	<u>164,594</u>	<u>18,688</u>	<u>13,150,514</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2022 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2021 <i>HK\$'000</i> <i>(Audited)</i>
Trade receivables ( <i>Note (a)</i> )	<b>5,170,177</b>	4,628,982
Bills receivables ( <i>Note (a)</i> )	<b>2,340</b>	612
Trade and bills receivables	<b>5,172,517</b>	4,629,594
Deposits and other receivables ( <i>Note (c)</i> )	<b>62,018</b>	49,023
Other tax receivables ( <i>Note (d)</i> )	<b>17,181</b>	337,352
Prepayments for property, plant and equipment	<b>245,429</b>	61,239
Other prepayments	<b>18,486</b>	14,683
	<b>5,515,631</b>	5,091,891
Less: Non-current portion		
Prepayments for property, plant and equipment	<b>(245,429)</b>	(61,239)
Current portion	<b>5,270,202</b>	5,030,652

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

Notes:

- (a) Trade and bills receivables

Trade receivables comprise receivables from sales of electricity and tariff adjustment receivables. The category analysis of trade receivables was set out below:

	As at	
	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Receivables from sales of electricity	150,109	106,412
Tariff adjustment receivables	5,020,068	4,522,570
	<b>5,170,177</b>	<b>4,628,982</b>

Receivables from sales of electricity were usually settled on a monthly basis by the state grid companies. Tariff adjustment receivables represent government subsidies on renewable energy to be received from the state grid companies in accordance with prevailing government policies.

The ageing analysis of trade receivables based on the Group's revenue recognition policy is as follows:

	As at	
	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
0 to 90 days	585,999	429,851
91 days to 180 days	263,675	382,181
181 days to 365 days	674,858	700,065
Over 365 days	3,645,645	3,116,885
	<b>5,170,177</b>	<b>4,628,982</b>

The maturity of the bills receivables is within one year.

The carrying amounts of the Group's trade and bills receivables are denominated in RMB.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

Notes: (Continued)

- (b) Loss allowance of trade receivables

Given the track record of regular repayment of receivables from sales of electricity, all receivables from sales of electricity were expected to be recoverable. For tariff adjustment receivables, they are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance of the People's Republic of China (the "**Ministry of Finance**").

The Ministry of Finance has not announced any fixed timetable for the settlement of tariff adjustment receivables. However, given the collection of tariff adjustment receivables is well supported by the government policy, all tariff adjustment receivables are expected to be recoverable. Consequently, no loss allowance of tariff adjustment receivables was recognised as at 30 June 2022 (31 December 2021: Nil). As the collection of tariff adjustment receivables is expected in the normal operating cycle, they are classified as current assets.

- (c) Deposits and other receivables

Deposits and other receivables are all expected to be recoverable and therefore no provision was made. The ageing of deposits and other receivables was within one year. The carrying amounts of the Group's deposits and other receivables are denominated in RMB.

- (d) Other tax receivables

Other tax receivables mainly represent value added tax recoverable. The balance is denominated in RMB.

- (e) The carrying amounts of trade and other receivables approximate their fair values.

- (f) The other classes within trade and other receivables do not contain impaired assets.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 13 SHARE CAPITAL

	Number of Ordinary shares	Ordinary shares of HK\$0.01 each HK\$	Total HK\$'000
Authorised:			
At 1 January and 30 June 2022	<u>800,000,000,000</u>	<u>8,000,000,000</u>	<u>8,000,000</u>
Issued and fully paid: <i>(Unaudited)</i>			
At 1 January 2022	7,109,998,471	71,099,985	71,100
Issuance of shares by the way of placing <i>(Note)</i>	<u>188,400,000</u>	<u>1,884,000</u>	<u>1,884</u>
At 30 June 2022	<u><b>7,298,398,471</b></u>	<u><b>72,983,985</b></u>	<u><b>72,984</b></u>

*Note:*

On 7 April 2022, the Company allotted and issued 188,400,000 new shares by way of placing at HK\$4.14 each. The gross proceeds of approximately HK\$779,976,000 have been received and the related transaction costs of approximately HK\$515,000 were deducted from the gross proceeds. These newly issued shares are ranking pari passu in all respects with the then existing shares in issue. The excess over the par value of the shares were credited to the share premium account of the Company.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 14 ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2022 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2021 <i>HK\$'000</i> <i>(Audited)</i>
Payables for property, plant and equipment	<b>708,728</b>	861,824
Accrued listing expenses	—	1,516
Others	<b>23,970</b>	33,813
	<b>732,698</b>	897,153
Less: Non-current portion		
Retention payables for property, plant and equipment	<b>(48,727)</b>	(65,743)
Current portion	<b>683,971</b>	831,410

The carrying amounts of accruals and other payables are mainly denominated in RMB and approximate their fair values.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 15 BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	As at	
	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Repayable on demand and within 1 year	2,281,356	2,036,302
Between 1 and 2 years	1,625,814	1,582,607
Between 2 and 5 years	337,544	1,261,311
	4,244,714	4,880,220
Less: Non-current portion	(1,963,358)	(2,843,918)
Current portion	2,281,356	2,036,302

As at 30 June 2022, bank borrowings of HK\$209,938,000 (31 December 2021: HK\$269,862,000) contain repayment on demand clause and are reclassified as current liabilities.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 15 BANK BORROWINGS (Continued)

As at 30 June 2022, all bank borrowings bore floating interest rates (31 December 2021: same). These bank borrowings are repayable by instalments up to 2024 (31 December 2021: 2024). The carrying amounts of the Group's bank borrowings are denominated in HK\$ and approximate their fair values as at 30 June 2022 (31 December 2021: same), as the impact of discounting is not significant.

The effective interest rate per annum at reporting date were as follows:

	As at	
	30 June 2022 <i>(Unaudited)</i>	31 December 2021 <i>(Audited)</i>
Bank borrowings	<u>1.62%</u>	<u>1.21%</u>

As at 30 June 2022 and 31 December 2021, the corporate guarantee was provided by the Company and its subsidiaries for the bank borrowings.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 16 RELATED PARTY TRANSACTIONS

#### (a) Related party transactions

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the period.

<b>Six months ended 30 June</b>			
		<b>2022</b> <i>HK\$'000</i> <i>(Unaudited)</i>	2021 <i>HK\$'000</i> <i>(Unaudited)</i>
	Note		
<b>One-off transaction</b>			
Acquisition of subsidiaries from immediate holding company	(i)	—	520,187
<b>Continuing transactions</b>			
Solar farm operation and management services fee receivable from subsidiaries of Xinyi Solar Holdings Limited ("Xinyi Solar")	(ii)	<b>4,601</b>	4,624

*Notes:*

- (i) The acquisition of subsidiaries was transacted at mutually agreed prices and terms. Details of the acquisition were disclosed in the Company's interim report dated 2 August 2021.
- (ii) The transactions were conducted at mutually agreed prices and terms.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 16 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Balances with related parties

	As at	
	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>Amounts due from fellow subsidiaries:</b>		
– Chaohu Jindao Photovoltaic Power Generation Company Limited*	61	145
– Taonan Runhe Risheng Photovoltaic Agricultural Development Company Limited*	67	147
– Xinyi Solar (Bozhou) Limited*	112	58
– Xinyi Solar (Jinzhai) Limited*	482	1,049
– Xinyi Solar (Wangjiang) Limited*	365	848
– Xinyi Solar (Haikou) Limited*	100	183
– Hepu County Xinyi Solar Limited*	373	734
– Xinze Renewable Energy (Kaiping) Limited*	27	–
– Xinyun Renewable Energy (Yunfu) Limited*	5	–
	<u>1,592</u>	<u>3,164</u>
<b>Amount due to immediate holding company:</b>		
– Xinyi Power (BVI) Limited*	<u>(1,766,139)</u>	<u>(1,753,764)</u>

\* Company under control of Xinyi Solar

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 16 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Balances with related parties (Continued)

The amounts due from fellow subsidiaries are unsecured, interest free and repayable on demand. The amounts approximate their fair values and are denominated in RMB.

The amount due to immediate holding company mainly represents present value amount of the remaining 50% consideration of the acquisition of 2019 Portfolio discounted at the effective interest rate of 6.38% (31 December 2021: 6.38%) according to the estimate payment schedule. The amount is unsecured, non-interest bearing and payable on the 28 May 2023, or upon the receipt of the payment from the PRC Government of the tariff adjustment of the solar power plants acquired, whichever is earlier. The amount approximates its fair value and is denominated in HK\$.

#### (c) Leases

		Six months ended 30 June	
	Note	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Interest expense on lease liabilities in relation to office area recognised by the Group as a lessee to related parties:</b>			
- Cheer Wise Investment Limited ("Cheer Wise")	(ii)	4	6
- Xinyi Energy Smart (Wuhu) Company Limited ("Xinyi Energy Smart")	(iii)	8	16
		<b>12</b>	<b>22</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 16 RELATED PARTY TRANSACTIONS (Continued)

#### (c) Leases (Continued)

Notes:

- (i) Both companies under control of Xinyi Glass Holdings Limited, a major shareholder of Xinyi Solar.
- (ii) Approximate 30 square meter ("sq.m.") office area in Hong Kong was provided by Cheer Wise for the Group's operations with rental mutually agreed.
- (iii) Approximate 600 sq.m. office area in Wuhu has been provided by Xinyi Energy Smart for the Group's occupations with rental mutually agreed.

#### (d) Key management compensation

Key management includes directors of the Company and certain senior management. The compensation paid or payable to key management for employee services is shown below:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Salaries, bonuses, allowances and benefits in kind	<b>1,235</b>	2,023
Retirement benefits scheme contributions	<b>9</b>	9
	<b>1,244</b>	2,032

### 17 CONTINGENCIES

The Group did not have any significant contingent liabilities as at 30 June 2022 and 31 December 2021.

## FURTHER INFORMATION ON THE GROUP

### INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of 7.7 HK cents per share for the 1H2022 (1H2021: 7.4 HK cents), totaling HK\$562.0 million (1H2021: HK\$526.1 million), to be paid to all Shareholders with their names recorded on the register of members of the Company at the close of business on Thursday, 18 August 2022. The interim dividend is expected to be payable on or about Wednesday, 28 September 2022. The Company's register of members will be closed from Tuesday, 16 August 2022 to Thursday, 18 August 2022 (both days inclusive), and during such period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Monday, 15 August 2022.

The interim dividend is made out of the Distributable Income during the period under review. The interim dividend will be paid from the Group's internal financial resources as well as the available banking facilities in Hong Kong.

Shareholders would be given an option to receive the interim dividend for the 1H2022 in cash or wholly or partly in new and fully paid shares of the Company in lieu of cash by the scrip dividend. The scrip dividend scheme (the "**Scrip Dividend Scheme**") is subject to The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting the listing of and permission to deal in the new shares to be allotted and issued under the Scrip Dividend Scheme.

For the purpose of calculating the number of scrip shares under the Scrip Dividend Scheme, the market value of the scrip shares has been fixed at 95% of the average closing price per share as quoted on the Stock Exchange for the five consecutive trading days commenced on Friday, 12 August 2022 until Thursday, 18 August 2022 (both days inclusive) rounded down to two decimal places. Further details of the Scrip Dividend Scheme can be referred to the announcement of the Company dated 19 August 2022, the circular dated 26 August 2022 and the supplemental announcement on the Scrip Dividend Scheme dated 5 September 2022.

## FURTHER INFORMATION ON THE GROUP

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the 1H2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors confirm that the Company has complied with the applicable code provisions contained in the Corporate Governance Code as set forth in Part 2 of Appendix 14 to The Rules Governing the Listing of Securities on Stock Exchange (the "**Listing Rules**") during the 1H2022.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set forth in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by the Directors. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set forth in the Model Code during the 1H2022.

### CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in director's information is as follows:-

Ms. LYU Fang has been appointed as the independent non-executive director of Artech Solar Holding Co., Ltd. (江蘇中信博新能源科技股份有限公司) (stock code: 688408.SH), a company listed on the Sci-Tech Innovation Board of Shanghai Stock Exchange since June 2022.

## FURTHER INFORMATION ON THE GROUP

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) in November 2018. The following table sets forth movements in the share options of the Company for the 1H2022:

	Grant date	Exercise price (HK\$)	Closing price of the Company's shares immediately before the date on which the grant was made (HK\$)	Vesting period	Exercise period						
						As at 1/1/2022	Granted	Exercised	Cancelled	Lapsed	As at 30/6/2022
Executive director - Ms. CHENG Shu E	31/3/2020	2.18	2.08	31/3/2020- 31/12/2022	1/4/2023- 31/3/2024	450,000	-	-	-	-	450,000
	31/3/2021	3.78	3.81	31/3/2021- 31/12/2023	1/4/2024- 31/3/2025	347,000	-	-	-	-	347,000
	31/3/2022	4.76	4.86	31/3/2022- 31/12/2024	1/4/2025- 31/3/2026	-	338,000	-	-	-	338,000
Continuous contract employees	31/3/2020	2.18	2.08	31/3/2020- 31/12/2022	1/4/2023- 31/3/2024	1,312,500	-	-	(14,000)	-	1,298,500
	31/3/2021	3.78	3.81	31/3/2021- 31/12/2023	1/4/2024- 31/3/2025	2,046,000	-	-	(14,000)	-	2,032,000
	31/3/2022	4.76	4.86	31/3/2022- 31/12/2024	1/4/2025- 31/3/2026	-	2,442,500	-	(24,000)	-	2,418,500
Total						4,155,500	2,780,500	-	(52,000)	-	6,884,000

During the 1H2022, 2,780,500 share options have been granted. The fair value of the equity-settled share options granted under the Share Option Scheme during the 1H2022 is estimated at HK\$3,889,000. The fair value of the share options granted to Director and eligible employees of the Group were HK\$473,000 and HK\$3,416,000, respectively.

The value of the share options granted during the 1H2022 is to be expensed through the consolidated income statement of the Group over the three-year vesting period of share options.

## FURTHER INFORMATION ON THE GROUP

The fair value of share options granted during the 1H2022 is determined in accordance with the valuation performed by an independent valuer using the Black-Scholes option pricing model. Such model is one of the commonly used models to estimate the fair value of an option. The significant variables and assumptions used in computing the fair value of the share options are set forth in the table below. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Share price at the grant date (HK\$)	4.76
Exercise price (HK\$)	4.76
Volatility (%)	48.87
Dividend yield (%)	3.66
Expected share option life (years)	3.50
Annual risk-free rate (%)	1.89

### SUPPLEMENTAL INFORMATION ON SHARE OPTION SCHEME IN THE 2021 ANNUAL REPORT

Reference is made to the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”). This supplemental information is made in relation to the Share Option Scheme pursuant to Rule 17.09(3) of the Listing Rules.

The total number of securities available for issue under the Share Option Scheme was 658,352,447, representing 9.25% of the shares in issue as of 28 February 2022, being the date of the 2021 Annual Report.

The above addition information does not affect the other information contained in the 2021 Annual Report.

## FURTHER INFORMATION ON THE GROUP

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, the underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### (i) Long positions in the shares of the Company

Name of Director	Capacity	Name of the controlled corporations	Number of shares held	Approximate percentage of the Company's issued share capital
Tan Sri Datuk TUNG Ching Sai	Interest in a controlled corporation <sup>(1)</sup>	Copark (as defined below)	29,803,255	0.408%
<i>P.S.M, D.M.S.M, J.P.</i>	Interest in a controlled corporation <sup>(1)</sup>	Sharp Elite (as defined below)	187,687,500	2.571%
	Family interest <sup>(1)</sup>		14,544,041	0.199%
	Interest in persons acting in concert <sup>(2)</sup>		1,234,126,933	16.909%

## FURTHER INFORMATION ON THE GROUP

*Notes:*

- (1) Tan Sri Datuk TUNG Ching Sai *J.P.* is the beneficial owner of the entire issued share capital of Copark Investment Limited ("**Copark**") and Sharp Elite Holdings Limited ("**Sharp Elite**") which in turn are the registered owner of 29,803,255 and 187,687,500 shares respectively. Tan Sri Datuk TUNG Ching Sai *J.P.* is also deemed to be interested in 14,544,041 shares through his spouse, Puan Sri Datin SZE Tan Hung.
- (2) Pursuant to an agreement dated 22 November 2018 and entered into by Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to dispose of their shares allotted to them under a conditional distribution in specie received at the time of listing of the Company.

### (ii) Share options of the Company

Name of Director	Capacity	Number of share options outstanding	Approximate percentage of the Company's issued share capital
Ms. CHENG Shu E	Personal interest	1,135,000	0.015%

## FURTHER INFORMATION ON THE GROUP

### (iii) Long positions in the shares of the associated corporation

Name of Director	Capacity	Name of the associated corporation	Approximate percentage	
			Number of shares held in the associated corporation	in the issued share capital of the associated corporation
Tan Sri Datuk TUNG Ching Sai <i>J.P.</i>	Interest in a controlled corporation <sup>(1)</sup>	Xinyi Solar	220,919,131	2.483%
	Family interest <sup>(1)</sup>		16,497,057	0.185%
	Interest in persons acting in concert <sup>(2)</sup>		2,078,841,241	23.369%

#### Notes:

- (1) Tan Sri Datuk TUNG Ching Sai *J.P.* is the beneficial owner of the entire issued share capital of Copark which is the registered owner of 220,919,131 shares in the issued share capital of Xinyi Solar Holdings Limited ("**XYS Shares**"). Tan Sri Datuk TUNG Ching Sai *J.P.* also has 16,497,057 **XYS Shares** through his spouse, Puan Sri Datin SZE Tan Hung.
- (2) Pursuant to an agreement dated 31 May 2013 and entered into by Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their **XYS Shares** allotted to them under a conditional distribution in specie, by way of special interim dividend declared on 19 November 2013 of such number of shares to them representing approximately 67.6% of the **XYS Shares** as of that date.

Save as disclosed above, as of 30 June 2022, to the knowledge of the Company, none of the Directors or chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the shares, the underlying share and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## FURTHER INFORMATION ON THE GROUP

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As of 30 June 2022, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the shares and the underlying shares of the Company, as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

#### Long positions in the shares of the Company

Name of substantial shareholders	Nature of interest and capacity	Number of shares held	Approximate percentage of the Company's issued share capital
Xinyi Group (Glass) Company Limited	Beneficial owner	393,074,211	5.385%
Xinyi Automobile Glass (BVI) Company Limited	Interest in a controlled corporation	393,074,211	5.385%
Xinyi Glass Holdings Limited	Beneficial owner	37,674,000	0.516%
	Interest in a controlled corporation	393,074,211	5.385%
Xinyi Power (BVI) Limited	Beneficial owner	3,558,555,000	48.758%
Xinyi Solar Holdings Limited	Interest in a controlled corporation	3,558,555,000	48.758%
Dr. LEE Yin Yee, B.B.S.	Interest in a controlled corporation <sup>(1)</sup>	540,858,905	7.410%
	Interest in a controlled corporation <sup>(2)</sup>	7,606,019	0.104%
	Joint interest <sup>(1)</sup>	3,575,733	0.049%
	Family interest <sup>(1)</sup>	4,337,354	0.059%
	Interest in persons acting in concert <sup>(3)</sup>	909,783,718	12.465%
Mr. TUNG Ching Bor	Interest in a controlled corporation <sup>(4)</sup>	218,182,567	2.989%
	Joint interest <sup>(4)</sup>	10,188,000	0.139%
	Family interest <sup>(4)</sup>	5,657,906	0.077%
	Interest in persons acting in concert <sup>(3)</sup>	1,232,133,256	16.882%

## FURTHER INFORMATION ON THE GROUP

Name of substantial shareholders	Nature of interest and capacity	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. LEE Sing Din	Interest in a controlled corporation <sup>(5)</sup> Personal interest <sup>(5)</sup> Joint interest <sup>(5)</sup> Interest in persons acting in concert <sup>(3)</sup>	141,373,271 375,000 6,919,618 1,317,493,840	1.937% 0.005% 0.094% 18.051%
Mr. LI Man Yin	Interest in a controlled corporation <sup>(6)</sup> Personal interest <sup>(6)</sup> Family interest <sup>(6)</sup> Interest in persons acting in concert <sup>(3)</sup>	54,184,496 394,278 162,325 1,411,420,630	0.742% 0.005% 0.002% 19.338%
Mr. LI Ching Wai	Interest in a controlled corporation <sup>(7)</sup> Personal interest <sup>(7)</sup> Interest in persons acting in concert <sup>(3)</sup>	58,371,793 200,000 1,407,589,936	0.799% 0.002% 19.286%
Mr. SZE Nang Sze	Interest in a controlled corporation <sup>(8)</sup> Interest in persons acting in concert <sup>(3)</sup>	72,716,178 1,393,445,551	0.996% 19.092%
Mr. NG Ngan Ho	Interest in a controlled corporation <sup>(9)</sup> Personal interest <sup>(9)</sup> Interest in persons acting in concert <sup>(3)</sup>	53,980,103 276,425 1,411,905,201	0.739% 0.003% 19.345%
Mr. LI Ching Leung	Interest in a controlled corporation <sup>(10)</sup> Personal interest <sup>(10)</sup> Family interest <sup>(10)</sup> Interest in persons acting in concert <sup>(3)</sup>	53,944,770 776,322 45,870 1,411,394,767	0.739% 0.010% 0.0006% 19.338%

## FURTHER INFORMATION ON THE GROUP

### Notes:

- (1) Dr. LEE Yin Yee, B.B.S. is the beneficial owner of the entire issued share capital of Realbest Investment Limited and Charm Dazzle Limited, both are incorporated in the British Virgin Islands ("**BVI**") with limited liability and wholly-owned by Dr. LEE Yin Yee, B.B.S. Dr. LEE Yin Yee, B.B.S. also has 3,575,733 shares jointly held with and 4,337,354 shares through his spouse, Madam TUNG Hai Chi.
- (2) The interest in the shares are held through Full Guang Holdings Limited ("**Full Guang**"). Full Guang is owned by Dr. LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.21%, Tan Sri Datuk TUNG Ching Sai *J.P.* as to 16.21%, Mr. LEE Sing Din (father of Mr. LEE Yau Ching) as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.
- (3) Pursuant to an agreement dated 22 November 2018 and entered into by Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to dispose of their shares allotted to them under a conditional distribution in specie received at the time of listing of the Company.
- (4) Mr. TUNG Ching Bor's interests in the shares are held through High Park Technology Limited and Xu Feng Limited, both are incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor. Mr. TUNG Ching Bor has 10,188,000 shares jointly held with and 5,657,906 shares through his spouse, Madam KUNG Sau Wai.
- (5) Mr. LEE Sing Din's interests in the shares are held through Telerich Investment Limited ("**Telerich**") and Precious Smart Limited ("**Precious Smart**"), both are incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din. Mr. LEE Sing Din also has 375,000 shares held in his own name and 6,919,618 shares jointly held with his spouse, Madam LI Kam Ha.
- (6) Mr. LI Man Yin's interests in the shares are held through Perfect All Investments Limited and Will Sail Limited, both are incorporated in the BVI with limited liability and wholly-owned by Mr. LI Man Yin. Mr. LI Man Yin also has 394,278 shares held in his own name and 162,325 shares through his spouse, Madam LI Sau Suet.
- (7) Mr. LI Ching Wai's interests in the shares are held through Goldbo International Limited and Yuanyi Limited, both are incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai. Mr. LI Ching Wai also has 200,000 shares held in his own name.

## FURTHER INFORMATION ON THE GROUP

- (8) Mr. SZE Nang Sze's interests in the shares are held through Goldpine Limited and Day Dimension Investments Limited, both are incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.
- (9) Mr. NG Ngan Ho's interests in the shares are held through Linkall Investment Limited and Far High Investments Limited, both are incorporated in the BVI with limited liability and wholly-owned by Mr. NG Ngan Ho. Mr. NG Ngan Ho also has 276,425 shares held in his own name.
- (10) Mr. LI Ching Leung's interests in the shares are held through Herosmart Holdings Limited and Heng Zhuo Limited, both are incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung also has 776,322 shares held in his own name and 45,870 shares through his spouse, Madam DY Maria Lumin.

Save as disclosed above, as of 30 June 2022, the Directors were not aware of any other person having an interests or short positions in the shares and the underlying shares of the Company as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## REVIEW OF THE INTERIM RESULTS

The Company's unaudited interim results for the 1H2022 have not been reviewed by the external auditor but have been reviewed by the Company's audit committee, comprising the three independent non- executive Directors, namely, Mr. LEUNG Ting Yuk (Chairman of audit committee), Mr. IP Kwok Him, G.B.M., G.B.S., J.P. and Ms. LYU Fang.