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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)**

**INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

**GLOBAL OFFERING AND LISTING**

Our Company has been listed on the Main Board since 28 May 2019. Our Company has raised net proceeds of HK\$3,762.6 million under the Global Offering.

## FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change
	2019 <i>(HK\$ million)</i>	2018 <i>(HK\$ million)</i>	
Revenue	<b>636.4</b>	604.5	<b>5.3%</b>
Profit before income tax	<b>410.6</b>	383.4	<b>7.1%</b>
Profit attributable to the Company's equity holders	<b>356.1</b>	361.1	<b>-1.4%</b>
Dividends	<b>337.6</b>	—	<b>N/A</b>
Distributable Income <sup>(1)</sup>	<b>339.9</b>	312.3	<b>8.8%</b>
Earnings per Share			
– basic and diluted	<b>7.01 HK cents</b>	7.61 HK cents	<b>-7.9%</b>
Interim dividends per Share	<b>5.0 HK cents</b>	— HK cents	<b>N/A</b>
	<b>As at 30 June</b>		
	<b>2019</b>	2018	Change
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	
<i>(in HK\$'000)</i>			
Equity attributable to the Company's equity holders	<b>10,232.0</b>	6,381.7	<b>60.3%</b>

*Note:*

- (1) The calculation of Distribution Income is based on the dividend policy set forth in the prospectus of the Company dated 15 May 2019.

The board (the “**Board**”) of directors (the “**Directors**”) of Xinyi Energy Holdings Limited (the “**Company**” or “**Xinyi Energy**” together with its subsidiaries, the “**Group**”) announces the interim condensed consolidated results of the Group for the six months ended 30 June 2019, together with the comparative figures for the six months ended 30 June 2018, as follows:

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Note	Six months ended 30 June	
		2019	2018
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Restated)</i>
<b>Revenue</b>	3	<b>636,400</b>	604,549
Cost of sales		<b>(159,080)</b>	(150,010)
<b>Gross profit</b>		<b>477,320</b>	454,539
Other income	3	<b>2,099</b>	3,038
Other gains, net	4	<b>331</b>	3,389
Administrative expenses		<b>(27,113)</b>	(29,197)
<b>Operating profit</b>	5	<b>452,637</b>	431,769
Finance income	6	<b>5,223</b>	2,643
Finance costs	6	<b>(47,272)</b>	(50,975)
<b>Profit before income tax</b>		<b>410,588</b>	383,437
Income tax expense	7	<b>(54,475)</b>	(22,353)
<b>Profit for the period attributable to equity holders of the Company</b>		<b>356,113</b>	361,084
<b>Basic and diluted earnings per Share</b> <b>(Expressed in HK cents per Share)</b>	8	<b>7.01</b>	7.61

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<i><b>HK\$'000</b></i>	<i><b>HK\$'000</b></i>
	<i><b>(Unaudited)</b></i>	<i><b>(Restated)</b></i>
<b>Profit for the period</b>	<b>356,113</b>	361,084
<b>Other comprehensive income/(loss), net of tax:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u>1,947</u>	<u>(108,868)</u>
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>	<u><b>358,060</b></u>	<u>252,216</u>

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2019**

		<b>As at</b>		
		<b>30 June</b>	31 December	1 January
		<b>2019</b>	2018	2018
	Note	<b>HK\$'000</b>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<i>(Restated)</i>	<i>(Restated)</i>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11	<b>9,874,018</b>	6,070,173	6,616,225
Right-of-use assets	2.2	<b>455,606</b>	307,680	335,277
Prepayments for property, plant and equipment	12	<b>17,420</b>	12,527	16,658
Deferred income tax assets		<b>4,689</b>	3,370	—
Goodwill	10	<b>330,303</b>	—	—
<b>Total non-current assets</b>		<b>10,682,036</b>	6,393,750	6,968,160
<b>Current assets</b>				
Trade and other receivables and prepayments	12	<b>3,220,765</b>	1,841,373	2,054,033
Amounts due from fellow subsidiaries	16	<b>363</b>	—	—
Cash and cash equivalents		<b>1,911,547</b>	421,263	472,243
<b>Total current assets</b>		<b>5,132,675</b>	2,262,636	2,526,276
<b>Total assets</b>		<b>15,814,711</b>	8,656,386	9,494,436
<b>EQUITY</b>				
<b>Capital and reserves attributable to the equity holders of the Company</b>				
Share capital	13	<b>67,525</b>	54	54
Other reserves		<b>7,676,165</b>	4,249,491	4,612,128
Retained earnings		<b>2,488,278</b>	2,132,165	1,473,104
<b>Total equity</b>		<b>10,231,968</b>	6,381,710	6,085,286

		<b>As at</b>		
		<b>30 June</b>	31 December	1 January
		<b>2019</b>	2018	2018
Note		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b><i>(Unaudited)</i></b>	<i>(Restated)</i>	<i>(Restated)</i>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Bank borrowings	15	<b>1,618,149</b>	1,034,622	1,285,254
Lease liabilities	2.2	<b>436,776</b>	284,360	296,386
Other payables	14	<b>37,123</b>	19,107	24,586
Deferred income tax liabilities		<b>219,048</b>	305	—
		<b>2,311,096</b>	1,338,394	1,606,226
<b>Current liabilities</b>				
Bank borrowings	15	<b>1,054,852</b>	652,578	1,429,583
Lease liabilities	2.2	<b>16,673</b>	10,034	7,575
Accruals and other payables	14	<b>492,265</b>	251,256	353,572
Amount due to a fellow subsidiary	16	<b>1,660,300</b>	—	—
Current income tax liabilities		<b>47,557</b>	22,414	12,194
		<b>3,271,647</b>	936,282	1,802,924
<b>Total current liabilities</b>		<b>3,271,647</b>	936,282	1,802,924
<b>Total liabilities</b>		<b>5,582,743</b>	2,274,676	3,409,150
<b>Total equity and liabilities</b>		<b>15,814,711</b>	8,656,386	9,494,436

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Attributable to equity holders of the Company			
	Share capital	Other	Retained	Total
	(Note 13)	reserves	earnings	equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Balance at 31 December 2018</b>				
<b>as originally presented</b>	54	4,247,676	2,157,971	6,405,701
Changes in accounting policy	—	1,815	(25,806)	(23,991)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Restated total equity at the beginning of the financial period</b>	54	4,249,491	2,132,165	6,381,710
<b>Comprehensive income</b>				
Profit for the period	—	—	356,113	356,113
<b>Other comprehensive income</b>				
Currency translation differences	—	1,947	—	1,947
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income</b>	—	1,947	356,113	358,060
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Transactions with the owner of the Company</b>				
Issuance of ordinary shares upon				
– initial public offerings	18,826	3,633,436	—	3,652,262
– over-allotment	1,252	241,498	—	242,750
– capitalisation issue	47,393	(47,393)	—	—
Listing expenses charged to				
share premium	—	(86,865)	—	(86,865)
Final dividend (Note 9)	—	(315,949)	—	(315,949)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2019</b>	<u>67,525</u>	<u>7,676,165</u>	<u>2,488,278</u>	<u>10,231,968</u>

	<b>Attributable to equity holders of the Company</b>			
	<b>Share capital</b>	<b>Other</b>	<b>Retained</b>	<b>Total</b>
	<b>(Note 13)</b>	<b>reserves</b>	<b>earnings</b>	<b>equity</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Restated)</b>	<b>(Restated)</b>	<b>(Restated)</b>
<b>Balance as at 1 January 2018 as originally presented</b>	54	4,611,931	1,494,696	6,106,681
Change in accounting policy	—	197	(21,592)	(21,395)
<b>Restated total equity at the beginning of the financial period</b>	54	4,612,128	1,473,104	6,085,286
<b>Comprehensive income</b>				
Profit for the period	—	—	361,084	361,084
<b>Other comprehensive loss</b>				
Currency translation differences	—	(108,868)	—	(108,868)
<b>Total comprehensive income</b>	—	(108,868)	361,084	252,216
<b>Balance as at 30 June 2018</b>	<u>54</u>	<u>4,503,260</u>	<u>1,834,188</u>	<u>6,337,502</u>

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
	<i><b>(Unaudited)</b></i>	<i>(Restated)</i>
<b>Cash flows from operating activities</b>		
Cash generated from operations	285,788	255,634
Interest paid	(41,862)	(49,183)
Income tax paid	(30,656)	(18,212)
	<u>213,270</u>	<u>188,239</u>
Net cash generated from operating activities	213,270	188,239
<b>Cash flows from investing activities</b>		
Purchases of and prepayment for purchase of property, plant and equipment	(66,775)	(107,834)
Payment for acquisition of subsidiaries, net of cash acquired	(2,015,754)	—
Interest received	5,223	2,643
	<u>(2,077,306)</u>	<u>(105,191)</u>
Net cash used in investing activities	(2,077,306)	(105,191)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares		
– initial public offerings	3,652,262	—
– over-allotment	242,750	—
Payments for professional fee in connection with the listing of the Company	(69,426)	(5,304)
Proceeds from bank borrowings	353,250	603,894
Repayments of bank borrowings	(506,143)	(640,286)
Principal elements of lease payments	(3,074)	(3,648)
Dividend paid to Company's shareholders	(315,949)	—
	<u>3,353,670</u>	<u>(45,344)</u>
Net cash generated from/(used in) financing activities	3,353,670	(45,344)
<b>Net increase in cash and cash equivalents</b>	<b>1,489,634</b>	37,704
Cash and cash equivalents at beginning of period	421,263	472,243
Effect of foreign exchange rate changes	650	(5,000)
	<u>1,911,547</u>	<u>504,947</u>
<b>Cash and cash equivalents at end of period</b>	<b>1,911,547</b>	504,947

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

Xinyi Energy Holdings Limited (the “**Company**”) was incorporated in the British Virgin Islands on 26 June 2015 as an exempted company with limited liability. The address of the Company’s registered office is Jayla Place, Wickhams Cay I, Road Town, Tortola, VG 1110, British Virgin Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the management and operations of solar farms in the People’s Republic of China (the “**PRC**”) (the “**Solar Farm Business**”).

The ultimate holding company of the Company is Xinyi Solar Holdings Limited (“**Xinyi Solar**”), a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The shares of the Company are listed on The Main Board of the Stock Exchange on 28 May 2019.

On 5 December 2018, the Company entered into an agreement with Xinyi Solar Farm (Group 1) Limited (“**Xinyi Solar Farm (Group 1)**”) to acquire the entire issued share capital of New Wisdom International Limited (“**New Wisdom**”), Sky Falcon Development Limited (“**Sky Falcon**”), Perfect Alliance Development Limited (“**Perfect Alliance**”), Profit Noble Development Limited (“**Profit Noble**”) and Sky Cheer Investments Limited (“**Sky Cheer**”) (“**Target Acquisition**”). Pursuant to the agreement, all net balances with New Wisdom and its subsidiaries, Sky Falcon and its subsidiary, Perfect Alliance and its subsidiary, Profit Noble and its subsidiary and Sky Cheer and its subsidiary were capitalised before completion of the Target Acquisition. The gross agreed purchase price of Target Acquisition is HK\$4,083,256,000 based on the terms and conditions of the agreement.

On 3 June 2019, the Company entered into a novation agreement with Xinyi Power (BVI) Limited (“**Xinyi Power (BVI)**”), the immediate holding company of Xinyi Solar Farm (Group 1), to modify the agreement dated 5 December 2018 and to acquire the entire issued capital of Xinyi Solar Farm (Group 1). The Target Acquisition was modified to be made between the Company and Xinyi Power (BVI). Save as disclosed above, there has been no significant alteration in the Target Acquisition. The Target Acquisition has been completed during six month ended 30 June 2019 (see Note 10).

These interim condensed consolidated financial statements are presented in thousands of Hong Kong dollar (“**HK\$’000**”), unless otherwise stated.

## 2 BASIS OF PREPARATION, CHANGES IN ACCOUNTING POLICIES AND FAIR VALUE ESTIMATION

### 2.1 Basis of preparation

This interim condensed consolidated financial report for the six months ended 30 June 2019 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 (the “**Listing Rules**”) and Hong Kong Accounting Standards (“**HKAS**”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the accountant’s report included as appendix I of the prospectus dated 8 May 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new standards, amendments to standards and interpretations as set out below.

(a) New standards, amendments to standards and interpretations adopted by the Group

The Group has applied the following new standards, amendments to standards and interpretation for the first time for their interim reporting period commencing 1 January 2019:

- HKFRS 16, “Leases”
- Annual Improvements Project, “Annual Improvements 2015 — 2017 Cycle”
- HK (IFRIC) 23, “Uncertainty over Income Tax Treatments”
- HKFRS 9 (Amendments), “Prepayment Features with Negative Compensation”
- HKAS 28 (Amendments), “Long Term Interests in Associates and Joint Ventures”
- HKAS 19 (Amendments), “Plan Amendment, Curtailment or Settlement”

The impact of the adoption of HKFRS 16 are disclosed in Note 2.2 below.

Apart from aforementioned HKFRS 16, the adoption of the above new standards, amendments to standards and interpretation does not have any significant impact to the results and financial position of the Group.

- (b) New standards and amendments to standards have been issued but are not effective for the accounting period beginning to 1 January 2019 and have not been early adopted:

		Effective for accounting periods beginning on or after
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 17	Insurance Contract	1 January 2021
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020

## 2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in Note 2.2(b) below.

### (a) *Adjustments recognised on adoption of HKFRS 16*

The Group has applied the full retrospective approach as if the new rules had always been applied. On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the lease payments, discounted using the lessee's incremental borrowing rate on the lease commencement date. The right-of-use asset for property lease and the lease liability were retrospectively restated to the lease commencement date. The right-of-use asset for property lease were depreciated on a straight-line basis. The weighted average lessee's incremental borrowing rate applied to the lease liabilities was 6.25%.

The table below shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	30 June		30 June		31 December		1 January		1 January	
	2019	HKFRS 16	2019	2018	HKFRS 16	2019	2018	HKFRS 16	2018	HKFRS 16
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(As originally presented)	(As originally presented)		(Restated)	(As originally presented)		(Restated)	
<b>Interim Condensed Consolidated Balance Sheet (extract)</b>										
<b>Non-current assets</b>										
Property, plant and equipment	9,898,918	(24,900)	9,874,018	6,084,338	(14,165)	6,070,173	6,630,993	(14,768)	6,616,225	
Right-of-use assets	—	455,606	455,606	—	307,680	307,680	—	335,277	335,277	
Prepayments for property, plant and equipment (originally presented as prepayments for property, plant and equipment and operating lease)	46,792	(29,372)	17,420	44,571	(32,044)	12,527	56,361	(39,703)	16,658	
Deferred income tax assets	—	4,689	4,689	—	3,370	3,370	—	—	—	
Goodwill	314,585	15,718	330,303	—	—	—	—	—	—	
<b>Current assets</b>										
Trade and other receivables and prepayments	3,240,530	(19,765)	3,220,765	1,845,482	(4,109)	1,841,373	2,057,372	(3,339)	2,054,033	
<b>Total assets</b>	<u>15,412,735</u>	<u>401,976</u>	<u>15,814,711</u>	<u>8,395,654</u>	<u>260,732</u>	<u>8,656,386</u>	<u>9,216,969</u>	<u>277,467</u>	<u>9,494,436</u>	
<b>Non-current liabilities</b>										
Deferred income tax liabilities	218,596	452	219,048	—	305	305	—	—	—	
Lease liabilities	—	436,776	436,776	—	284,360	284,360	—	296,386	296,386	
<b>Current liabilities</b>										
Lease liabilities	—	16,673	16,673	—	10,034	10,034	—	7,575	7,575	
Accruals and other payables	515,406	(23,141)	492,265	261,232	(9,976)	251,256	358,671	(5,099)	353,572	
<b>Total liabilities</b>	<u>5,151,983</u>	<u>430,760</u>	<u>5,582,743</u>	<u>1,989,953</u>	<u>284,723</u>	<u>2,274,676</u>	<u>3,110,288</u>	<u>298,862</u>	<u>3,409,150</u>	
<b>Net assets</b>	<u>10,260,752</u>	<u>(28,784)</u>	<u>10,231,968</u>	<u>6,405,701</u>	<u>(23,991)</u>	<u>6,381,710</u>	<u>6,106,681</u>	<u>(21,395)</u>	<u>6,085,286</u>	
Retained earnings	2,518,893	(30,615)	2,488,278	2,157,971	(25,806)	2,132,165	1,494,696	(21,592)	1,473,104	
Other reserves	7,674,334	1,831	7,676,165	4,247,676	1,815	4,249,491	4,611,931	197	4,612,128	
<b>Total equity</b>	<u>10,260,752</u>	<u>(28,784)</u>	<u>10,231,968</u>	<u>6,405,701</u>	<u>(23,991)</u>	<u>6,381,710</u>	<u>6,106,681</u>	<u>(21,395)</u>	<u>6,085,286</u>	

	30 June		30 June		30 June	
	2019	HKFRS 16	2019	2018	HKFRS 16	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(As (As originally presented)		(Restated)
<b>Interim Condensed Consolidated</b>						
<b>Income Statement (extract)</b>						
Cost of sales	(163,300)	4,220	(159,080)	(156,860)	6,850	(150,010)
<b>Gross profit</b>	<u>473,100</u>	<u>4,220</u>	<u>477,320</u>	<u>447,689</u>	<u>6,850</u>	<u>454,539</u>
<b>Operating profit</b>	448,417	4,220	452,637	424,919	6,850	431,769
Finance costs	(37,115)	(10,157)	(47,272)	(41,188)	(9,787)	(50,975)
<b>Profit before income tax</b>	416,525	(5,937)	410,588	386,374	(2,937)	383,437
Income tax expense	(55,602)	1,127	(54,475)	(22,723)	370	(22,353)
<b>Profit for the period</b>	<u>360,923</u>	<u>(4,810)</u>	<u>356,113</u>	<u>363,651</u>	<u>(2,567)</u>	<u>361,084</u>

	30 June		30 June		30 June	
	2019	HKFRS 16	2019	2018	HKFRS 16	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(As		
			(As	originally		
			presented)	presented)		(Restated)
<b>Interim Condensed Consolidated</b>						
<b>Statement of Cash Flows (extract)</b>						
Cash generated from						
operations	275,541	10,247	285,788	245,327	10,307	255,634
Interest paid	(34,689)	(7,173)	(41,862)	(42,524)	(6,659)	(49,183)
<b>Net cash inflow from operating activities</b>	<b>210,196</b>	<b>3,074</b>	<b>213,270</b>	<b>184,591</b>	<b>3,648</b>	<b>188,239</b>
Principal elements of						
lease payments	—	(3,074)	(3,074)	—	(3,648)	(3,648)
<b>Net cash outflow from financing activities</b>	<b>3,356,744</b>	<b>(3,074)</b>	<b>3,353,670</b>	<b>(41,696)</b>	<b>(3,648)</b>	<b>(45,344)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,489,634</b>	<b>—</b>	<b>1,489,634</b>	<b>37,704</b>	<b>—</b>	<b>37,704</b>

(i) *Impact on earnings per share*

Earnings per share decreased by HK\$0.09 cents per share and HK\$0.05 cents per share for the six months ended 30 June 2019 and 2018, respectively, as a result of the adoption of HKFRS 16.

(ii) *Practical expedients applied*

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,

- the use of hindsight in determining the lease terms where the contracts contain options to extend or terminate the leases, and
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.

**(b) *The Group's leasing activities and how these are accounted for***

The Group leases offices and lands. Rental contracts are typically made for fixed periods of 2 to 30 years but may have extension options as described in (i) below. Lease terms are negotiated on an individual basis but contain similar terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Before adoption of HKFRS 16, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

On adoption of HKFRS 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability, and
- any lease payments made at or before the commencement date

The Group does not have short-term leases and leases of low-value assets.

*(i) Extension and termination options*

Extension and termination options are included in a number of office and land leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The management is of the opinion that the lease is reasonably certain to be extended. Therefore, potential future cash outflows have been included in the lease liability.

### **2.3 Fair value estimation**

Fair value measurement by level of hierarchy is not disclosed as the Group has no financial instruments measured on such basis in the consolidated balance sheets as at 1 January 2018, 31 December 2018 and 30 June 2019. The carrying value of receivables and payables are a reasonable approximation of their fair values.

### 3 REVENUE, OTHER INCOME AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	<i>(Unaudited)</i>	
<b>Revenue</b>		
Recognised at a point in time:		
- Sales of electricity	244,247	234,843
- Tariff adjustment	391,340	369,706
Recognised over time:		
- Solar farm operation and management services	813	—
	<u>636,400</u>	<u>604,549</u>
<b>Other income</b>		
Government grants (Note)	23	87
Other income	2,076	2,951
	<u>2,099</u>	<u>3,038</u>

*Note:*

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

#### **Segment information**

The Group is mainly engaged in the management and operation 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 GAINS, NET

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	
Foreign exchange gains, net	<u>331</u>	<u>3,389</u>

#### 5 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	
Depreciation charge of property, plant and equipment (Note 11)	139,560	133,571
Employee benefit expenses (including directors' emoluments)	15,661	9,055
Auditor's remuneration		
- Non-audit services	499	63
Listing expenses	<u>14,726</u>	<u>19,155</u>

## 6 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Restated)</i>
Finance income		
Interest income from bank deposits	<u>5,223</u>	<u>2,643</u>
Finance costs		
Interest on lease liabilities	10,157	9,787
Interest on bank borrowings	37,115	42,963
Less: Amounts capitalised on qualifying assets	<u>—</u>	<u>(1,775)</u>
	<u>47,272</u>	<u>50,975</u>

## 7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Restated)</i>
Current income tax	55,799	22,723
Deferred income tax	<u>(1,324)</u>	<u>(370)</u>
	<u>54,475</u>	<u>22,353</u>

### 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 as the Group did not generate any assessable profits arising in Hong Kong.

- (c) Provision made for PRC corporate income tax (“CIT”) amounted to HK\$55,799,000 and HK\$22,723,000 for the six months ended 30 June 2019 and 30 June 2018, respectively. The statutory income tax rate applicable to the PRC subsidiaries of the Group is 25%. Pursuant to the relevant tax regulations in the PRC, the PRC subsidiaries, except for Xinyi Energy Technology (Wuhu) Limited (“**Xinyi Technology (Wuhu)**”), are eligible for an exemption from the PRC CIT for three years starting with the first revenue-generating year, after offsetting prior year losses, followed by a 50% reduction for three immediate subsequent years. However, the government grants and insurance claim received are subject to the CIT with the statutory income tax rate of 25%. Xinyi Technology (Wuhu) is subject to the CIT with the statutory income tax rate of 25%.

## 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 periods.

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Restated)
Profit attributable to equity holders of the Company (HK\$'000)	<b>356,113</b>	361,084
Adjusted weighted average number of ordinary shares in issue (thousands)	<b>5,083,597</b>	4,744,740
Basic earnings per share (Expressed in HK cents per share)	<b><u>7.01</u></b>	<u>7.61</u>

- (b) Diluted

For the six months ended 30 June 2019 and 30 June 2018, diluted earnings per share equals basic earnings per share as there was no potential dilutive share.

## 9 DIVIDENDS

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	
Final dividend for 2018 of HK\$58.3 per Share (2017: Nil)	315,949	—
Proposed interim dividend of 5.0 HK cents per share (2018: Nil)	<u>337,624</u>	<u>—</u>

At a meeting of the Board held on 7 August 2019, the Directors resolved to declare an interim dividend of 5.0 HK cents per share for the six months ended 30 June 2019. This interim dividend, amounting to HK\$337,624,000, is based on 6,752,478,471 issued shares as at 30 June 2019 and has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2019.

## 10 BUSINESS COMBINATION

To build up a more diversified solar farm investment portfolio, the Group acquired Xinyi Solar Farm (Group 1) for its several solar farm projects in the PRC from Xinyi Power (BVI) at a gross agreed purchase price of HK\$4,083,256,000 during six month ended 30 June 2019. The gross agreed purchase price is determined in strict compliance with the terms and conditions of the sale and purchase agreement dated on 5 December 2018 and 3 June 2019. Also, pursuant to the sale and purchase agreement, Xinyi Power (BVI) will receive 50% of the gross agreed purchase price upon completion of the Target Acquisition. The deferred consideration will be fully settled on the 28 May 2023, or upon the receipt of the payment of the tariff adjustment by the solar power plant acquired from the PRC Government, whichever is earlier.

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

Name of the company	Equity interest acquired	Solar power plants acquired		
		Location	Number of plants	Approved capacity MW
New Wisdom and its subsidiaries, Xinyi Solar (Xiaochang) Limited and Xinyi Solar (Xiaogan) Limited	100%	Hubei	2	160
Sky Falcon and its subsidiary, Xinyi Solar (Suiping) Limited	100%	Henan	1	110
Perfect Alliance and its subsidiary, Xinyi Renewable Energy (Shouxian) Limited	100%	Anhui	1	200
Profit Noble and its subsidiary, Xinyi Solar (Huainan) Limited	100%	Anhui	1	20
Sky Cheer and its subsidiary, Xinyi Solar (Wuwei) Limited	100%	Anhui	1	50

The above business combinations are individually immaterial to the Group. Aggregate financial information as at acquisition date is presented as follows:

	Total <i>HK\$'000</i>
Purchases consideration	
Fair value of cash consideration	<u>3,701,928</u>
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment (Note 11)	3,894,507
Right-of-use assets	154,501
Value-added tax recoverable	257,874
Trade and other receivables and prepayments (Note (d))	837,753
Cash and cash equivalents	25,874
Deferred income tax assets	69
Bank borrowings	(1,135,412)
Accruals and other payables	(286,391)
Lease liabilities	(158,356)
Deferred income tax liabilities (Note (e))	<u>(218,794)</u>
Total identifiable net assets	3,371,625
Goodwill (Note (f))	<u>330,303</u>
	<u><u>3,701,928</u></u>
Net cash outflow arising from the acquisitions	
Cash consideration	3,701,928
Less: Cash and cash equivalents acquired	(25,874)
Less: Deferred cash consideration payable	<u>(1,660,300)</u>
	<u><u>2,015,754</u></u>
Net cash outflow represents	
Upfront payment upon completion of acquisition (Note (a))	2,041,628
Deferred cash consideration (Note (b))	<u>1,660,300</u>
	<u><u>3,701,928</u></u>

*Notes:*

(a) Upfront payment upon completion of acquisition

Upfront payment represents 50% of the gross agreed purchase price of HK\$4,083,256,000.

(b) Deferred cash consideration

Deferred cash consideration represents present value of estimated payment schedule of the remaining 50% of the gross agreed purchase price discounted at the effective interest rate of 6.38%.

(c) Revenue and profits contribution

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

	Total <i>HK\$'000</i>
Revenue	64,142
Profits contributed to the Group	<u>42,575</u>

If the acquisition had occurred on 1 January 2019, the interim condensed consolidated income statement would show pro-forma revenue of approximately HK\$860,259,000 and pro-forma profit of HK\$492,451,000.

(d) Acquired receivables

The fair values of trade and other receivables and prepayments acquired were HK\$837,753,000 and included trade and tariff adjustment receivables with fair values as below:

	Total <i>HK\$'000</i>
Trade and tariff adjustment receivables	<u>824,452</u>

The gross contractual amount of these trade receivables due in aggregate was approximately HK\$824,452,000.

(e) Provisional fair value of acquired identifiable assets

The fair value of the acquired identifiable assets was provisional pending receipt of the final valuations for those assets. Deferred tax liabilities of approximately HK\$218,794,000 have been provided in relation to these fair value adjustments.

(f) Goodwill

The Group recognised goodwill of approximately HK\$330,303,000 in the interim condensed consolidated balance sheet in connection with the Target Acquisition. The goodwill from the Target Acquisition was calculated based on the total consideration less the fair value of total identifiable net assets acquired. As a result of the Target Acquisition, the Group benefits through the synergies expected to arise after the Target Acquisition because of the close proximity of these projects to other solar farms currently operated by the Group. The goodwill will not be deductible for tax purposes.

## 11 PROPERTY, PLANT AND EQUIPMENT

	Solar farms	Buildings	Motor vehicles, furniture and fixtures, equipment and others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>At 31 December 2018 (Restated)</b>				
Cost	6,680,709	176,964	8,518	6,866,191
Accumulated depreciation	(765,363)	(15,150)	(1,340)	(781,853)
Net book amount	<u>5,915,346</u>	<u>161,814</u>	<u>7,178</u>	<u>6,084,338</u>
<b>Period ended 30 June 2019</b>				
<b>(Unaudited)</b>				
Opening net book amount	5,915,346	161,814	7,178	6,084,338
Change in accounting policy	(14,165)	—	—	(14,165)
Restated opening net book amount	5,901,181	161,814	7,178	6,070,173
Additions	41,260	—	1,617	42,877
Acquisition of a subsidiary (Note 10)	3,876,371	17,980	156	3,894,507
Depreciation charge	(135,929)	(3,194)	(437)	(139,560)
Currency translation differences	6,164	(111)	(32)	6,021
Closing net book amount	<u>9,689,047</u>	<u>176,489</u>	<u>8,482</u>	<u>9,874,018</u>
<b>At 30 June 2019 (Unaudited)</b>				
Cost	10,586,708	194,758	10,248	10,791,714
Accumulated depreciation	(897,661)	(18,269)	(1,766)	(917,696)
Net book amount	<u>9,689,047</u>	<u>176,489</u>	<u>8,482</u>	<u>9,874,018</u>

## 12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June	31 December
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Restated)</i>
Trade receivables (Note (a))	2,642,879	1,429,020
Bills receivables	2,274	16,373
Trade and bills receivables	<u>2,645,153</u>	<u>1,445,393</u>
Deposits and other receivables (Note (c))	4,318	2,289
Other tax receivables (Note (d))	568,491	384,235
Prepayments for listing expenses	—	9,267
Prepayments for property, plant and equipment	17,420	12,527
Other prepayments	2,803	189
	<u>3,238,185</u>	<u>1,853,900</u>
Less: Non-current portion:		
Prepayments for property, plant and equipment	(17,420)	(12,527)
Current portion	<u><u>3,220,765</u></u>	<u><u>1,841,373</u></u>

### (a) Trade 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	31 December
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	
Receivables from sales of electricity	70,871	18,472
Tariff adjustment receivables	2,572,008	1,410,548
	<u>2,642,879</u>	<u>1,429,020</u>

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 invoice date is as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	
0 to 90 days	<u><b>2,642,879</b></u>	<u>1,429,020</u>

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

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	
0 to 90 days	<b>439,377</b>	210,367
91 days to 180 days	<b>213,474</b>	238,878
181 days to 365 days	<b>615,359</b>	398,078
Over 365 days	<u><b>1,374,669</b></u>	<u>581,697</u>
	<u><b>2,642,879</b></u>	<u>1,429,020</u>

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

(b) Loss allowance of trade receivables

Given the track record of regular repayment of receivables from sales of electricity and the collection of tariff adjustment receivables is well supported by the government policy, all trade receivables 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. Since August 2016, the Group has two ground-mounted solar farms, located in Jinzhai and Sanshan, Anhui Province with aggregate capacity of 250MW, successfully enlisted on the sixth batch of the Renewable Energy Tariff Subsidy Catalogue (“**Catalogue**”). In June 2018, the remaining seven ground-mounted solar farms, located in Fujian Province, Anhui Province, Hubei Province, and Tianjin Municipality, with an aggregate capacity of 704 MW, have been successfully enlisted on the seventh batch of the Catalogue.

Of the 6 solar farms acquired during the six months ended 30 June 2019, a ground-mounted solar farm, located in Anhui Province, with aggregate capacity of 20 MW, has been successfully enlisted on the seventh batch of the Catalogue in June 2018. The remaining 5 solar farms with aggregate approved grid-connection capacity of 520 MW are ready for applying the Catalogue when the registration period open.

During the period ended 30 June 2019, the Group received payment of RMB83,613,000 (equivalent to HK\$97,880,000) for the subsidies recognised up to June 2017 of the Solar Farms project enlisted on the sixth batch and seventh batch of the Catalogue.

As the collection of tariff adjustment receivables is expected in the normal operating cycle, they are classified as current assets. Consequently, no loss allowance of trade receivables was recognised as at 30 June 2019 (31 December 2018: Nil).

The expected period of recovery of the tariff adjustment receivables is shown in the table below. The Ministry of Finance does not set out a rigid timetable for the settlement of tariff adjustment receivables. The actual period of settlement may differ from the expected period of recovery.

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	
Tariff adjustment receivables:		
Expected to be recovered after more than 12 months	<b>651,674</b>	—
Expected to be recovered within 12 months	<b>1,920,334</b>	1,410,548
	<b><u>2,572,008</u></b>	<b><u>1,410,548</u></b>

(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 receivable are denominated in RMB.

(d) Other tax receivables

Other tax receivables mainly represent value added tax ("VAT") recoverable, which is creditable input VAT on purchase of property, plant and equipment (including construction in progress) offset against output VAT on sales of solar electricity and tariff adjustment. 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.

### 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 2019	800,000,000,000	8,000,000,000	8,000,000
Issued:			
(Unaudited)			
At 1 January 2019	5,422,560	54,226	54
Issuance of ordinary shares upon initial public offerings (Note a)	1,882,609,471	18,826,095	18,826
Issuance of ordinary shares upon over-allotment (Note b)	125,129,000	1,251,290	1,252
Issuance of ordinary shares upon capitalisation issue (Note c)	4,739,317,440	47,393,174	47,393
At 30 June 2019	6,752,478,471	67,524,785	67,525

*Notes:*

- (a) On 28 May 2019, 1,882,609,471 ordinary shares of HK\$0.01 each issued at an offer price of HK\$1.94 per Share. Gross proceeds from the issuance of these shares in May 2019 amounted to HK\$3,652,262,000 with HK\$3,633,436,000 being credited to the share premium account of the Company, which is before net off with the share issuance cost.
- (b) On 19 June 2019, an overallotment option has been exercised with 125,129,000 ordinary shares of HK\$0.01 each issued at an offer price of HK\$1.94 per Share. Gross proceeds from the issuance of these shares in June 2019 amounted to HK\$242,750,000 with HK\$241,498,000 being credited to the share premium account of the Company, which is before net off with the share issuance cost.

- (c) Pursuant to shareholders' resolutions passed on 22 November 2018 and 10 May 2019, the Company allotted and issued a total of 4,739,317,440 shares by way of capitalisation of the sum of HK\$47,393,174 standing to the credit of the share premium account of the Company upon the listing.

#### 14 ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2019 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2018 <i>HK\$'000</i> <i>(Restated)</i>
Payables for property, plant and equipment	510,426	257,850
Accrued listing expenses	11,305	6,130
Others	7,657	6,383
	<u>529,388</u>	<u>270,363</u>
Less: Non-current portion:		
Retention payables for property, plant and equipment	<u>(37,123)</u>	<u>(19,107)</u>
Current portion	<u><u>492,265</u></u>	<u><u>251,256</u></u>

The carrying amounts of accruals and other payables approximate their fair values.

## 15 BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	As at	
	30 June	31 December
	2019	2018
	HK\$'000	HK\$'000
	<i>(Unaudited)</i>	
Within 1 year	1,054,852	652,578
Between 1 and 2 years	946,547	462,672
Between 2 and 5 years	671,602	571,950
	<u>2,673,001</u>	<u>1,687,200</u>
Less: Non-current portion	<u>(1,618,149)</u>	<u>(1,034,622)</u>
Current portion	<u>1,054,852</u>	<u>652,578</u>

As at 30 June 2019 and 31 December 2018, all bank loans bore floating interest rates. These bank borrowings as at 30 June 2019 are repayable by instalments up to 2022 (2018: 2021). The carrying amounts of the Group's bank borrowings are denominated in HK\$ and approximate their fair values as at 30 June 2019 and 31 December 2018, as the impact of discounting is not significant.

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

	As at	
	30 June	31 December
	2019	2018
	HK\$'000	HK\$'000
	<i>(Unaudited)</i>	
Bank borrowings	<u>4.07%</u>	<u>3.93%</u>

As at 31 December 2018, the bank borrowings were secured by corporate guarantees provided by Xinyi Solar, the ultimate holding company, Xinyi Power (BVI), the immediate holding company and Xinyi Solar (BVI), a fellow subsidiary. Upon separate listing of the Company on 28 May 2019, the corporate guarantees were released and replaced by corporate guarantees provided by the Company and its subsidiaries. Therefore, the bank borrowings were only secured by corporate guarantee provided by the Company and its subsidiaries as at 30 June 2019.

## 16 RELATED PARTY TRANSACTIONS

- (a) The directors of the Company are of the view that the following companies that had transactions or balances with the Group are related parties:

<b>Name of related parties</b>	<b>Relationship</b>
Xinyi Solar	Ultimate holding company
Xinyi PV Products (Anhui) Holdings Limited (“ <b>Xinyi PV Products</b> ”)	Fellow subsidiary
Xinyi Solar (HK) Limited (“ <b>Xinyi Solar (HK)</b> ”)	Fellow subsidiary
Xinyi Power (BVI)	Fellow subsidiary
Xinyi Solar (BVI) Limited (“ <b>Xinyi Solar (BVI)</b> ”)	Fellow subsidiary
Chaohu Jindao Photovoltaic Power Generation Company Limited (“ <b>Chaohu Jindao</b> ”)	Fellow subsidiary
Taonan Runhe Risheng Photovoltaic Agricultural Development Company Limited (“ <b>Taonan Runhe</b> ”)	Fellow subsidiary
Xinyi Solar (Bozhou) Limited (“ <b>Xinyi Solar (Bozhou)</b> ”)	Fellow subsidiary
Xinyi Solar (Jinzhai) Limited (“ <b>Xinyi Solar (Jinzhai)</b> ”)	Fellow subsidiary
Xinyi Renewable Energy (Huaibei) Limited (“ <b>Xinyi Energy (Huaibei)</b> ”)	Fellow subsidiary
Guangdong Shenke Renewable Energy Limited (“ <b>Guangdong Shenke</b> ”)	Fellow subsidiary
Xinyi Solar (Wangjiang) Limited (“ <b>Xinyi Solar (Wangjiang)</b> ”)	Fellow subsidiary
Xinyi Solar (Haikou) Limited (“ <b>Xinyi Solar (Haikou)</b> ”)	Fellow subsidiary
Huainan Xinyi Renewable Energy Limited (“ <b>Huainan Xinyi Renewable Energy</b> ”)	Fellow subsidiary
Xinyi Glass Holdings Limited (“ <b>Xinyi Glass</b> ”)	Note (i)
Cheer Wise Investment Limited (“ <b>Cheer Wise</b> ”)	Note (ii)
Xinyi Energy Smart (Wuhu) Company Limited (“ <b>Xinyi Energy Smart</b> ”)	Note (ii)

Notes:

- (i) A shareholder of Xinyi Solar
  - (ii) Companies under control of Xinyi Glass, a shareholder of Xinyi Solar, which has a significant influence on the Group
- (b) 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 periods.

	Note	<b>Six months ended</b>	
		<b>30 June</b>	30 June
		<b>2019</b>	2018
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	
<b>Discontinued transactions</b>			
Employee benefits paid by the ultimate holding company			
- Xinyi Solar	i	<u>23</u>	<u>18</u>
Employee benefits paid by a fellow subsidiary			
- Xinyi Solar (HK)	ii	<u>1,690</u>	<u>1,389</u>
<b>One-off transactions</b>			
Acquisition of subsidiaries from a fellow subsidiary			
- Xinyi Power (BVI)	iii	<u>4,083,256</u>	<u>—</u>

	Note	Six months ended	
		30 June	30 June
		2019	2018
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	
<b>Continuing transactions</b>			
Solar farm operation and management services fee			
receivable from related parties	vi, vii		
- Chaohu Jindao		24	—
- Taonan Runhe		95	—
- Xinyi Solar (Bozhou)		72	—
- Xinyi Solar (Jinzhai)		123	—
- Xinyi Energy (Huaibei)		139	—
- Guangdong Shenke		57	—
- Xinyi Solar (Wangjiang)		138	—
- Xinyi Solar (Haikou)		80	—
- Huainan Xinyi Renewable Energy		85	—
		<u>813</u>	<u>—</u>

	Note	Six months ended	
		30 June	30 June
		2019	2018
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Restated)</i>
Lease liabilities interest paid by the Group as a lessee			
to related parties			
- Cheer Wise	iv, vii	6	—
- Xinyi Energy Smart	v, vii	16	25
		<u>22</u>	<u>25</u>

*Notes:*

- (i) Employee benefit expenses incurred by Xinyi Solar on behalf of the Solar Farm Business represent fees of a director, which are calculated based on the estimated time spent by the director on the Solar Farm Business for the periods. These employee benefit expenses were excluded from the interim condensed consolidated financial information.
- (ii) Employee benefit expenses incurred by Xinyi Solar (HK) on behalf of the Solar Farm Business include compensation for a director and certain senior management, which are calculated based on the estimated time spent by the employees on the Solar Farm Business for the periods. These employee benefit expenses were excluded from the interim condensed consolidated financial information.
- (iii) The acquisition of subsidiaries was transacted at mutually agreed prices and terms. Details of the acquisition were disclosed in Note 10 and in the Company's announcement dated 3 June 2019.
- (iv) Approximate 30 square meter (“sq.m.”) office area in Hong Kong was provided by Cheer Wise, a related company owned as to 40% by Xinyi Solar, for the Group's occupation starting from October 2016 till April 2018 without consideration paid. From May 2018, the leases of premises have been charged at mutually agreed rental.
- (v) Approximate 600 sq.m. office area in Wuhu has been provided by Xinyi Energy Smart, a related company owned as to 100% by Xinyi Glass, for the Group's occupations with rental mutually agreed.
- (vi) The transactions were conducted at mutually agreed prices and terms.
- (vii) The transactions were de minimis transactions entered into in the ordinary course of business and under normal commercial terms. They are exempted from all the reporting, announcement and independent shareholders' approval requirements by virtue of rule 14A.76 of the Listing Rules.

(c) Balances with related parties

	Note	As at	
		30 June 2019 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2018 <i>HK\$'000</i>
<b>Due from fellow subsidiaries:</b>			
- Chaohu Jindao		17	—
- Taonan Runhe		10	—
- Xinyi Solar (Bozhou)		18	—
- Xinyi Solar (Jinzhai)		72	—
- Xinyi Energy (Huaibei)		61	—
- Guangdong Shenke		19	—
- Xinyi Solar (Wangjiang)		79	—
- Xinyi Solar (Haikou)		8	—
- Huainan Xinyi Renewable Energy		79	—
		<u>363</u>	<u>—</u>
<b>Due to a fellow subsidiary:</b>			
- Xinyi Power (BVI)		<u>1,660,300</u>	<u>—</u>

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 a fellow subsidiary represents present value of estimated payment schedule of 50% of Target Acquisition consideration discounted at the effective interest rate of 6.38%. The amount is unsecured, non-interest bearing and payable on the 28 May 2023, or upon the receipt of the payment of the tariff adjustment by the solar power plant acquired from the PRC Government, whichever is earlier. The amount approximates its fair value and is denominated in HK\$.

	Note	As at	
		30 June 2019 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2018 <i>HK\$'000</i> <i>(Restated)</i>
Right-of-use assets in relation to office area recognised by the Group as a lessee to related parties			
- Cheer Wise	i, iii	140	225
- Xinyi Energy Smart	ii, iii	402	537
		<u>542</u>	<u>762</u>

*Notes:*

- (i) Approximate 30 square meter (“sq.m.”) office area in Hong Kong was provided by Cheer Wise, a related company owned as to 40% by Xinyi Solar, for the Group’s operation starting from October 2016 till April 2018 without consideration paid. From May 2018, the leases of premises have been charged at mutually agreed rental.
- (ii) Approximate 600 sq.m. office area in Wuhu has been provided by Xinyi Energy Smart, a related company owned as to 100% by Xinyi Glass, for the Group’s occupations with rental mutually agreed.
- (iii) The transactions were de minimis transactions entered into in the ordinary course of business and under normal commercial terms. They are exempted from all the reporting, announcement and independent shareholders’ approval requirements by virtue of rule 14A.76 of the Listing Rules.

(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</b>	
	<b>30 June</b>	30 June
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	
Basic salaries, bonus, other allowances and benefits	<b>2,182</b>	960
Retirement benefits - defined contribution scheme	<b>9</b>	9
	<b><u>2,191</u></b>	<u>969</u>

The compensation of certain senior management incurred by Xinyi Solar and Xinyi Solar (HK) on behalf of the Solar Farm Business is disclosed in Notes 16(b)(i) and (ii), respectively.

(e) Guarantee of bank borrowings

As at 31 December 2018, the bank borrowings were secured by corporate guarantees provided by Xinyi Solar, the ultimate holding company, Xinyi Power (BVI), the immediate holding company and Xinyi Solar (BVI), a fellow subsidiary. Upon separate listing of the Company on 28 May 2019, the corporate guarantees were released and replaced by corporate guarantees provided by the Company and its subsidiaries.

## 17 CONTINGENCIES

The Group did not have any contingent liabilities as at 30 June 2019 and 31 December 2018.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

### Overview

Our Company has been listed on the main board (the “**Main Board**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 28 May 2019. Our Company has raised net proceeds of HK\$3,762.6 million under the global offering (the “**Global Offering**”) as part of the listing (the “**Listing**”) on the Stock Exchange. The Global Offering and the Listing not only provide us with separate access to capital markets, but also facilitate our devoted management to focus on the business of operation and management of utility-scale ground-mounted solar farm projects. Before the Listing, our Company was a non-wholly owned subsidiary of Xinyi Solar Holdings Limited (“**Xinyi Solar**”) holding 75.0% equity interest in our Company. Xinyi Solar continues to be holding company of our Company following the Listing, and our results continue to be consolidated into the operating results of Xinyi Solar.

### Business review

Our business model is to acquire, own, and manage a portfolio of solar farm projects and sell the electricity to local subsidiaries of the State Grid, i.e. The State Grid Corporation and the China Southern Power Grid, for generating a stable inflow of revenue and cash which will be used for our distribution of dividend. As the time of the Listing, our aggregate approved capacity of the nine utility-scale ground-mounted solar farm projects (the “**Initial Portfolio**”) was 954 megawatt (“**MW**”). Pursuant to the Target Sale and Purchase Agreement, our Company completed the acquisition from Xinyi Solar of the Target Portfolio<sup>(1)</sup> with an approved capacity of 540 MW on 3 June 2019. Currently, our solar farm projects are located in Anhui Province, Hubei Province, Henan Province, Fujian Province and Tianjin Municipality.

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*Note:*

<sup>(1)</sup> The Target Portfolio includes the six utility-scale ground-mounted solar farm projects owned by various wholly-owned subsidiaries of Xinyi Solar, namely Xiaochang Solar Farm One, Xiaochang Solar Farm Two, Suiping Solar Farm, Shouxian Solar Farm Two, Huainan Solar Farm, and Wuwei Solar Farm Two, with an aggregate approved capacity of 540 MW for electricity generation.

During the six months ended 30 June 2019, following completion of the acquisition of the Target Portfolio (the “**Target Acquisition**”), we recorded a total revenue of HK\$636.4 million, representing a slight increase of 5.3%, as compared to the six months ended 30 June 2018. We have recognised revenue from the Target Portfolio from 3 June 2019 following completion of the Target Acquisition. Operating profit reached HK\$452.6 million, representing an increase of 4.8%, as compared to the six months ended 30 June 2018. Profit attributable to the equity holders of our Company was HK\$356.1 million for the six months ended 30 June 2019, representing a decrease of 1.4%, as compared to the six months ended 30 June 2018. Basic earnings per Share were 7.01 HK cents for the six months ended 30 June 2019, as compared to 7.61 HK cents for the six months ended 30 June 2018.

Being a solar farm owner and operator, as at 28 May 2019, the aggregate approved capacity of the Initial Portfolio is 954MW. On 3 June 2019, we completed the acquisition of the Target Portfolio with an approved capacity of 540 MW. During the six months ended 30 June 2019, as at compared to the same period in 2018, our revenue increased by 5.3% to HK\$636.4 million and profit for the period attributable to the equity holders of our Company decreased slightly by 1.4% to HK\$356.1 million.

### **Completion of the acquisition of the Target Portfolio**

We have completed the acquisition of the Target Portfolio on 3 June 2019. For tax efficiency purpose, we have acquired from Xinyi Solar the equity interests of the holding company of the companies which hold the solar farm projects comprising the Target Portfolio. Pursuant to the terms and condition of the Target Sale and Purchase Agreement, we used the net proceeds from the Global Offering for the settlement payment.

An upfront payment of 50% of the agreed purchase price, i.e. HK\$2,041.6 million, has been settled on the completion date of the acquisition. The remaining outstanding amount will be settled by us on the earlier of (i) the fourth anniversary of the date of the Listing and (ii) by instalments following the receipt of the tariff adjustment relating to the electricity generated by the solar farm projects under the Target Portfolio.

During the six months ended 30 June 2019, the Target Portfolio contributed revenue of HK\$64.2 million to us. Only one solar farm project of the Target Portfolio is enlisted in the “Renewable Energy Tariff Subsidy Catalogue” (可再生能源補助目錄) at the moment.

### **Solar irradiation levels**

The capacity of our solar farm projects is defined by the amount of solar irradiation it receives. Solar irradiation varies across different geographical locations, and this variation affects the annual utilisation hours of solar power projects at different locations. On the national level, the PRC has experienced minor variation in the solar irradiation levels, as compared to the same for the past decades. In 2018, the PRC recorded an average monthly solar irradiation level of 1,486.5 kWh/m<sup>2</sup>, which is close to the 10 year average irradiation between 2008 and 2018. Due to the unexpected enduring raining and cloudy weather in Central and Eastern China in the first quarter of 2019, the average utilisation rate of the Initial Portfolio during the six months ended 30 June 2019, decreased by 1.7% to 105.6%, as compared to the same period in 2018.

### **High dividend payout policy**

Our primary business objective is to provide our shareholders with stable dividend distributions (the “**Distributions**”) with sustainable long-term growth of the portfolio of the solar farm projects in terms of size and approved capacity. We have adopted a high dividend payout policy and will use a substantial portion of the cash inflows generated by selling the electricity for the distribution.

The Board intends to declare and distribute interim and final Distributions in each year not less than 90% of the distributable income, with an intent to distribute 100% of the distributable income in each year. During the two years ending 31 December 2020, we intend to declare and distribute interim and final Distributions representing 100% of the distributable income. The interim Distribution to be declared and distributed by the Company for the six months ended 30 June 2019 will be represented 100% of the “Distributable Income” during the six-month period.

## **FINANCIAL REVIEW**

### **Revenue**

During the six months ended 30 June 2019, our revenue increased by 5.3% as compared to the corresponding period in 2018 due to completion of the acquisition of the Target Portfolio in June 2019. However, the revenue generated from the Initial Portfolio decreased to HK\$571.4 million for the six months ended 30 June 2019, as compared to HK\$604.5 million for the six months ended 30 June 2018. The decrease was primarily due to the low level of solar irradiation in the PRC during the first quarter of 2019. The amount of our revenue in RMB during the six months ended 30 June 2019 increased by 11.8% as compared to our revenue in RMB during the six months ended 30 June 2018. We have not experienced any curtailment in the power purchased by our customers. Our revenue contributed by the sales of electricity and the tariff adjustment (subsidy) increased by 4.0% and 5.9%, respectively, as compared to the same for the six months ended 30 June 2018.

For the purpose of establishing a clear delineation of business activities between Xinyi Solar and us, our Company has entered into the Solar Farm Operation and Management Agreement (the “**Solar Farm O&M Agreement**”) with Xinyi Solar. Pursuant to the Solar Farm O&M Agreement, Xinyi Solar has agreed to engage us to operate and manage all connection-ready solar farm projects developed and constructed by Xinyi Solar. Those operation and management services provided by us are on normal commercial terms, taking into consideration the service quality, price, work efficiency, etc., as compared to the services provided to Independent Third Parties. We received HK\$0.8 million for such services rendered during the six months ended 30 June 2019.

The table below sets forth an analysis of our revenue during the six months ended 30 June 2019, as compared to the same period in 30 June 2018:

	Six Months Ended 30 June					
	2019		2018		Increase	
	<i>HK\$'million</i>	<i>% of revenue</i>	<i>HK\$'million</i>	<i>% of revenue</i>	<i>HK\$'million</i>	<i>%</i>
Sale of electricity .....	244.3	38.4	234.8	38.8	9.5	4.0
Tariff adjustment.....	391.3	61.5	369.7	61.2	21.6	5.8
Operation and management services .....	0.8	0.1	—	—	0.8	N/A
<b>Total</b>	<b>636.4</b>	<b>100.0</b>	<b>604.5</b>	<b>100.0</b>	<b>31.9</b>	<b>5.3</b>

### Cost of sales

We have achieved an efficient operation with lower costs through the individual solar farm sophisticated management and countrywide centralised surveillance system, which can provide real-time monitoring and collection of operating and performance data of all solar farm projects.

During the six months ended 30 June 2019, cost of sales of the Group increased by 6.0% to HK\$159.1 million from HK\$150.0 million for the six months ended 30 June 2018. The increase in the amount of the cost of sales was primarily due to the increased amount of depreciation (following completion of the Target Acquisition) and staff costs. The cost of sales as a percentage to revenue was 25.0% during the six months ended 30 June 2019, which was slightly higher than the same in the six months ended 30 June 2018.

## **Gross profit**

The amount of the gross profit increased by 5.0% to HK\$477.3 million during the six months ended 30 June 2019 from HK\$454.5 million during the six months ended 30 June 2018. The gross profit margins were 75.0% and 75.2% for the six months ended 30 June 2019 and 2018, respectively. The slight decrease in the gross profit margin during the six months ended 30 June 2019 was primarily due to (i) a slight decrease in the level of sun irradiation during the first quarter of 2019; and (ii) the depreciation charge of the solar farm projects is almost fixed if there is no any new acquisition.

## **Other income**

During the six months ended 30 June 2019, our other income decreased by HK\$0.9 million to HK\$2.1 million, as compared to HK\$3.0 million during the six months ended 30 June 2018. The decrease was primarily due to (i) the decrease in the amount of insurance compensation and (ii) discounts received from the suppliers for the early settlement.

## **Other gains, net**

We recorded other gains, net of HK\$0.3 million during the six months ended 30 June 2019, as compared to other gains, net of HK\$3.4 million during the six months ended 30 June 2018. The decrease was principally due to the depreciation of RMB against HK\$.

## **Administrative expenses**

Our administrative expenses decreased by HK\$2.1 million from HK\$29.2 million for the six months ended 30 June 2018 to HK\$27.1 million for the six months ended 30 June 2019. The decrease was mainly due to the decrease both in Listing expenses and insurance premium, partially offset by the increase in employee's benefit expenses and Directors' emoluments.

## **Finance income and finance cost**

During the six months ended 30 June 2019, the total finance costs amounted to HK\$47.3 million, as compared to HK\$51.0 million during the six months ended 30 June 2018. The interest expense on bank borrowings decreased from HK\$43.0 million during the six months ended 30 June 2018 to HK\$37.1 million, as compared to the same during the six months ended 30 June 2019. The decrease was mainly due to the reduction in the balance of interest-bearing bank borrowings for the construction of the solar farm projects. We capitalised interest expense in the amount of HK\$1.8 million into the construction costs of solar farm projects during the six months ended 30 June 2018. The interest component on lease liabilities increased slightly by 3.8% to HK\$10.2 million during the six months ended 30 June 2019 from HK\$9.8 million during the six months ended 30 June 2018.

The finance income increased by 97.6% to HK\$5.2 million during the six months ended 30 June 2019 because of bank interest income on the net proceeds of the Global Offering.

## **Income tax expense**

We incurred income tax expense of HK\$55.8 million during the six months ended 30 June 2019, as compared to HK\$22.7 million during the six months ended 30 June 2018. The increase was primarily attributable to: (i) acquisition of the Target Portfolio; and (ii) all nine solar farm projects under the Initial Portfolio commenced the payment of PRC income tax at the rate of 50% of the amount of the income tax expense payable at the statutory rate of 25% (2018: four solar farm projects of the Initial Portfolio).

## **Adjusted EBITDA, Distributable Income and net profit**

During the six months ended 30 June 2019, our EBITDA (defined as the earnings before interest, taxation, depreciation and amortization after eliminating other income and other gains, net) was HK\$580.9 million, representing an increase of 5.7%, as compared to HK\$549.5 million during the six months ended 30 June 2018. The EBITDA margin was 91.3% during the six months ended 30 June 2019 as compared to 90.9% during the six months ended 30 June 2018.

During the six months ended 30 June 2019, the Distributable Income was HK\$339.9 million, representing an increase of 8.8%, as compared to HK\$312.3 million during the six months ended 30 June 2018.

Net profit attributable to equity holders of our Company during the six months ended 30 June 2019 was HK\$356.1 million, representing a decrease of 1.4%, as compared to HK\$361.1 million during the six months ended 30 June 2018. The slight decrease in the net profit margin to 56.0% during the six months ended 30 June 2019 from 59.7% during the six months ended 30 June 2018 was due to commencement of payment of income tax expense for members of the companies operating the Initial portfolio and certain solar farm projects under the Target Portfolio when there was no material change in the gross profit margin and the operating profit margin for the period under review.

## **Financial resources and liquidity**

As at 30 June 2019, our total assets amounted to HK\$15,814.7 million, representing an increase by 82.7% and with net assets amounted to HK\$10,232.0 million, increased by 60.3% as at 31 December 2018. Our current ratio as at 30 June 2019 was 1.6, compared to 2.4 as at 30 December 2018 since the increase in (i) cash and cash equivalent and (ii) trade and other receivables partially offset by the increase in (i) bank borrowings and (ii) amounts due a fellow subsidiary.

Our net debt gearing ratio (bank borrowings minus cash and cash equivalents divided by total equity) as at 30 June 2019 was 7.4% (31 December 2018: 19.8%), decreased by 62.6%. The decrease was primarily due to (i) the increase in total equity after the Global Offering and acquisition of the Target Portfolio and (ii) increase in cash and cash equivalents.

The net proceeds from the Global Offering (follow the partial exercise of the Over-allotment Option) are HK\$3,762.6 million. We adopt a prudent approach to cash and financial management to ensure proper risk control and lower the cost of funds. As at 30 June 2019, the Group had cash and cash equivalents of HK\$1,911.5 million, representing an increase of 353.8%, as compared to HK\$421.3 million as at 31 December 2018.

As at 30 June 2019, the Group's financial position remained healthy, with the cash and cash equivalents balance at HK\$1,911.5 million. During the six months ended 30 June 2019, net cash generated from operating activities was HK\$213.3 million (2018: HK\$188.2 million), which was primarily attributable to the profit before income tax of HK\$ 410.6 million and partially offset by an increase in trade and other receivables and a decrease of accruals and other payables. Net cash used investing activities amounted to HK\$2,077.3 million (2018: HK\$105.2 million), which was primarily attributable to the payment for acquisition of Target Portfolio and settlement of outstanding capital expenditure for solar farm projects previously completed construction during the period. Net cash generated from financing activities amounted to HK\$3,353.7 million (2018: net cash used in financing activities, HK\$45.3 million) which was primarily attributable to proceed from issuance of ordinary shares (i) global offering at HK\$3,652.3 million and (ii) over-allotment at HK\$242.8 million, partially offset by the repayment of bank borrowings and dividend paid to Company's shareholders during the period.

In July 2019, we have received the sixth batch of the tariff adjustment of RMB308.6 million (equivalent to HK\$350.2 million) incurred up to September 2017.

## **BUSINESS OUTLOOK**

We have successfully completed the Global Offering in May 2019 and have raised net proceeds of an aggregate of HK\$3,762.6 million following the partial exercise of the Over-allotment Option. We have also acquired the Target Portfolio and hence, the annual installed capacity of our utility-scale ground-mounted solar farm projects have reached 1,494 MW as at 30 June 2019. Our Directors believe that we have established a platform for the solar farm operation business and will continue to further develop our business following our business strategies set forth in the Prospectus.

Our business is based in the PRC, and the government policy on the photovoltaic industry in the PRC has undergone significant change from the Feed-in-Tariff (the “**FiT**”) regime (which includes a significant portion of subsidy by the PRC government in the form of tariff adjustment) to grid-parity regime, under which the sales of solar power through the national grid will be at the same rates as the conventional source of power and will be borne by the local electricity companies. Our Directors believe that the change is favourable to the healthy development of the renewable energy industry and will reduce the reliance on subsidy provided by the PRC government. The cost of solar power components has been adjusted downward to the extent that solar power is increasingly competitive, as compared to the conventional source of power. In light of this regulatory background, we would like to continue to be a leading non-state owned solar farm owner and operator in the PRC.

We are actively pursuing opportunities to acquire new solar farm projects in the PRC and abroad. This will enhance our revenue base and will continue to maintain our leading position in the industry. We would acquire additional solar farm projects from Xinyi Solar as well as Independent Third Parties. For the acquisition from Xinyi Solar, we have been granted a call option and a right of first refusal to acquire the construction completed and grid-connected solar farm projects. We have completed the acquisition of the Target Portfolio in June 2019. We will continue to acquire additional solar farm projects from Xinyi Solar for the purpose of strengthening our portfolio of utility-scale ground-mounted solar farm projects across the country. Most of these solar farm projects are constructed under the national quota in the PRC and hence, the revenue generated by them is still under the FiT regime.

In addition, we would continue to identify acquisition targets from Independent Third Parties. We have a low gearing ratio and would consider using external financing source to support our potential acquisitions. We aim to acquire recently completed utility-scale ground-mounted solar farm projects under the grid-parity regime. These solar farms are expected to be sold at lower price with better visibility in the cash flows generated from operation.

In the short-term, we will further expand our project portfolio in terms of geographic presence such as expand our geographic reach to cover more cities in the PRC. In the medium-term, we intend to explore acquisition opportunities abroad. We believe that the expansion of our solar power business into the international market would help to further enhance our revenue base and acceleration of our business growth.

We will continue to maintain our adopted policy on Distributions by distributing 100% of our Distribution Income in 2019.

## **USE OF NET PROCEEDS FROM THE GLOBAL OFFERING**

As set forth in the Prospectus, we have used HK\$2,041.6 million, representing 54.3% of the net proceeds from the Global Offering (following the partial exercise of the Over-allotment Option) for the purchase of the Target Portfolio, of which we have paid to Xinyi Solar HK\$2,041.6 million (being 50% of the agreed purchase price of the Target Portfolio). The balance of the net proceeds from the Global Offering of HK\$1,721.0 million is currently deposited with banks in Hong Kong and is expected to be used as intended as disclosed in the Prospectus. Our Directors will act prudently if we plan to use the unutilised net proceeds from the Global Offering for the purchase of money-market instruments or investment-grade bond products.

## **CAPITAL EXPENDITURES AND COMMITMENTS**

During the six months ended 30 June 2019, we incurred expenditures of HK\$4,083.3 million for the purchase of the Target Portfolio. The amount of the total consideration is HK\$4,083.3 million, of which we have paid to Xinyi Solar of HK\$2,041.6 million. The remaining balance of HK\$2,041.7 million would be paid by us pursuant to the terms and conditions of the Target Sale and Purchase Agreement. Such amount is classified as amount due to a fellow subsidiary as at 30 June 2019 amounted to HK\$1,660.3 million. In addition, we incurred capital expenditure of HK\$66.8 million for the six months ended 30 June 2019 which was primarily used in development of Initial Portfolio. As at 30 June 2019, we did not have other capital commitments (2018: HK\$5.14 million).

## **PLEDGE OF ASSETS**

We did not have any pledged asset as security for bank borrowings as at 30 June 2019. Before completion of the Listing, certain banking facilities were secured by corporate guarantee of Xinyi Solar. The release of such corporate guarantee from Xinyi Solar is in progress.

## **CONTINGENT LIABILITIES**

As at 30 June 2019, we did not have any significant contingent liabilities.

## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES**

During the six months ended 30 June 2019, we acquired the Target Portfolio with an aggregate capacity of 540 MW. Please refer to our announcement dated 3 June 2019 for further details. Except for this, there was no further material acquisition and disposal of subsidiaries during the six months ended 30 June 2019.

## **TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATE**

Our solar farm projects are in the PRC with most of the transactions denominated and settled in Renminbi (“RMB”). Our financial performance and assets value could be affected by the exchange rate fluctuation between RMB and HK\$. We 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 HK\$. There is a currency mismatch between bank borrowings with the source of revenue. Our Directors believe that the risk of currency mismatch may be minimised by the lower bank borrowing rates of HK\$, as compared to the RMB. During the six months ended 30 June 2019, all bank borrowings were denominated in HK\$.

During the six months ended 30 June 2019, we have not experienced any material difficulties and liquidity problems resulting from the fluctuation of currency exchange.

## **EMPLOYEES AND REMUNERATION POLICY**

We have highly valued the human resources continuously share the reciprocal benefits and shared growth with our employees. We consistently explore the potential and ability of our employees. On the other hand, we will continue to attract additional employees as and when appropriate the business development.

As at 30 June 2019, we had 191 full-time employees in total in Hong Kong and the PRC. Total staff costs, including Directors’ emoluments was HK\$15.7 million during the six months ended 30 June 2019. Our employees are remunerated based on their qualifications, job nature, performance and working experiences plus reference to the prevailing market rate. Apart from the basic remuneration and discretionary bonus, we also provide statutory social welfare contribution to employees in PRC and provident fund scheme to employees in Hong Kong, respectively, under the laws and regulations.

## **SHARE OPTION SCHEME**

As at the date of this announcement, no share option has been granted by our Company. Prior to the Listing, members of our Group were non-wholly owned subsidiaries of Xinyi Solar and some of our employees have been granted share options under the share option scheme adopted by Xinyi Solar.

## **INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

Our Board has resolved to declare an interim dividend of 5.0 HK cents per Share for the six months ended 30 June 2019 (2018: Nil), totaling HK\$337.6 million (2018: Nil), to be paid to all shareholders (the “**Shareholders**”) of our Company with their names recorded on the register of members of the Company at the close of business on Thursday, 29 August 2019. The interim dividend is expected to be payable on or about Wednesday, 18 September 2019. The Company’s register of members will be closed from Tuesday, 27 August 2019 to Thursday, 29 August 2019 (both days inclusive), and during such period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar in Hong Kong, 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, 26 August 2019.

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

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

During the period from the date of the Listing to 30 June 2019, except for the new issue of Shares under the Global Offering, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

As at the date of this announcement and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Directors are not aware of any deviation from or any breach of the provisions in the Corporate Governance Code as set forth on Appendix 14 to The Rules Governing the Listing of Securities on Stock Exchange (the “**Listing Rules**”) during the six months ended 30 June 2019.

## **MODEL CODE FOR SECURITIES TRANSACTION**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out 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 out in the Model Code during the period from the Listing Date to 30 June 2019.

## **CHANGE IN INFORMATION OF DIRECTORS**

There is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## REVIEW OF THE INTERIM RESULTS

The audit committee (the “**Audit Committee**”) of the Company was established on 22 November 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Audit Committee are published on the websites of the Stock Exchange and the Company, respectively. It comprised of three independent non-executive directors, namely, Mr. LEUNG Ting Yuk (Chairman of Audit Committee), The Hon. IP Kwok Him, G.B.M., G.B.S., J.P. and Ms. LYU Fang.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control procedures and financial reporting matters including the review of the Group’s half year financial results for the interim period. The Audit Committee is of the view that the interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with the applicable standards, the Listing Rules and the statutory provisions and sufficient disclosures have been made.

The interim condensed consolidated financial statements for the interim period is reviewed by the Audit Committee.

PricewaterhouseCoopers, our Company’s auditor, has reviewed our interim condensed consolidated financial information for the six months ended 30 June 2019 in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

## **PUBLICATION OF INTERIM REPORT**

This announcement is published on our Company's website and the website of the Stock Exchange. The 2019 interim report of our Company for the six months ended 30 June 2019 containing all the relevant information required by Appendix 16 to the Listing Rules and other applicable laws and regulations will be dispatched to our Shareholders and published on our Company's website and the websites of the Stock Exchange in due course.

By order of the Board  
**XINYI ENERGY HOLDINGS LIMITED**  
**Dr. LEE Yin Yee, B.B.S.**  
*Chairman*

Hong Kong, 7 August 2019

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

*This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.xinyienergy.com](http://www.xinyienergy.com).*