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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)

CHANGE IN THE USE OF THE NET PROCEEDS FROM THE GLOBAL OFFERING

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Xinyi Energy Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”). The Board refers to the prospectus (the “**Prospectus**”) of the Company dated 15 May 2019. Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as defined in the Prospectus.

It was disclosed in the Prospectus that 90% of the net proceeds from the Global Offering would be used for the settlement of the Agreed Purchase Price and the remaining 10% would be used for the general working capital and loan refinancing of the Group. Out of the Agreed Purchase Price, the payment of 50% of which would not be made until the earlier of (a) the fourth anniversary of the Listing Date and (b) by instalments following the receipt of the tariff adjustment receivables for the Target Portfolio. It was also disclosed in the Prospectus that part or all of the unutilised net proceeds would be used for (a) making short-term interest-bearing deposits, (b) purchasing money-market instruments and (c) purchasing investment-grade bond products.

The actual amount of the net proceeds received by the Company from the Global Offering was HK\$3,762.3 million, and the Group has used HK\$2,041.6 million for the payment of 50% of the Agreed Purchase Price and HK\$386.0 million for the general working capital and loan refinancing of the Group. The balance of the unutilised net proceeds was HK\$1,334.7 million as of 30 June 2020. The Board has been looking for various investment options including money-market instruments and investment-grade bond products that could provide reasonable investment returns with acceptable risk level. Due to the spread of the novel coronavirus disease, the global financial markets have experienced significant fluctuations. The global

lockdown has led to economic recession in a number of the leading economies worldwide. The interest rates have also remained at low levels primarily due to the economic stimulus policies implemented by the governments. As the overall macroeconomic and investment environments are not that favourable, the Directors believe that investing in the money-market instruments and investment-grade bond products may not generate reasonable amount of investment returns for the Group.

In light of the foregoing, the Directors intend to and may deploy up to the full amount of the unutilised net proceeds for acquisitions of solar farm projects in the PRC, including the acquisition of solar farm projects under the Solar Farm (Group 1) Agreement (as defined in the announcement of the Company dated 16 March 2020). Following the implementation of the 2019 Grid Parity Notice, further information on which is set forth in the Prospectus, there has been an increasing number of grid-parity solar farm projects which have completed construction and being made available for sale. The Directors believe that these grid-parity solar farm projects could generate constant cash inflows from the generation of electricity. Besides, there has also been a decreasing trend in the valuation and the purchase price of these grid-parity solar farm projects generally.

The Directors expect that the above change in the use of the unutilised net proceeds would increase the efficiency as well as the rate of investment returns generated from the financial resources available to the Group and would be in the interest of the Group and the shareholders of the Company as a whole. As of the date of this announcement, save for the Solar Farm Agreement and the Solar Farm (Group 1) Agreement, the Group has not entered into any legally binding agreement in respect of any of such acquisition, and the Group will fully comply with the applicable disclosure and/or shareholders' approval requirements under the Listing Rules should any acquisition is expected to proceed which constitutes a notifiable transaction (as such term is defined under the Listing Rules) for the Company. Further updated information on the latest use of the unutilised net proceeds will also be disclosed in the forthcoming interim and annual reports of the Company.

The Directors confirm that there is no material change in the nature of business of the Group and that the change in the use of the unutilised net proceeds would have no material adverse impact on the business of the Group.

By Order of the Board
Xinyi Energy Holdings Limited
TUNG Fong Ngai
Executive Director and Chief Executive Officer

Hong Kong, 20 August 2020

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

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.xinyienergy.com.