



LEADING GREEN NEW ENERGY

XINYI SOLAR

INTERIM REPORT
2020



信義光能控股有限公司
XINYI SOLAR HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 00968

Financial Highlights	2
Chairman’s Statement	3
Management Discussion and Analysis	13
Condensed Consolidated Income Statement	23
Condensed Consolidated Statement of Comprehensive Income	24
Condensed Consolidated Balance Sheet	25
Condensed Consolidated Statement of Changes in Equity	27
Condensed Consolidated Statement of Cash Flows	29
Notes to the Condensed Consolidated Financial Information	31
Further Information on the Group	65
Corporate Information	81

Financial Highlights

	Six months ended 30 June		Year ended 31 December
	2020 (Unaudited)	2019 (Unaudited)	2019 (Audited)
<i>(in HK\$'000)</i>			
Revenue	4,622,918	3,997,036	9,096,101
Profit before income tax	1,837,873	1,160,116	3,092,654
Profit attributable to Company's equity holders	1,406,467	952,716	2,416,462
Dividends	694,067	443,183	1,130,212
<i>(Number of ordinary shares in '000)</i>			
Weighted average number of shares in issue	8,085,611	7,893,168	7,981,305
<i>(in Hong Kong cents)</i>			
Earnings per Share			
– basic	17.39	12.07	30.28
– diluted	17.38	12.07	30.27
Dividend per share	8.50	5.50	14.00

	At 30 June		At 31 December
	2020 (Unaudited)	2019 (Unaudited)	2019 (Audited)
<i>(in HK\$'000)</i>			
Equity attributable to Company's equity holders	14,937,735	13,396,412	14,176,846

Dear Shareholders

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Xinyi Solar Holdings Limited (the “**Company**”), I present herewith the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**” or “**Xinyi Solar**”) for the six months ended 30 June 2020 (“**1H2020**” or the “**Period**”).

OVERVIEW

In 1H2020, the novel coronavirus (the “**COVID-19**”) pandemic has caused a widespread negative effect on virtually every industry. Solar installation has been no exception, with China severely impacted in the first quarter of 2020 and the rest of the world in the second quarter. To cope with the rapidly changing and uncertain market environment, the Group has adopted flexible business strategies, strengthened cost control measures and developed solar glass products for application in double-glass and bifacial solar modules. All these measures, coupled with the steady contribution from the solar farm business, have enabled the Group to rise above the adverse market conditions and achieve encouraging results even during these difficult times.

During the Period, the Group achieved consolidated revenue of HK\$4,622.9 million, representing a 15.7% increase as compared to 1H2019. Profit attributable to equity holders of the Company increased by 47.6% to HK\$1,406.5 million. Basic earnings per share were 17.39 HK cents for 1H2020, as compared to 12.07 HK cents for 1H2019.

Chairman's Statement

BUSINESS REVIEW

Challenges presented by the impact of COVID-19 – slowdown of PV deployment

Given the impressive cost reductions and increased penetration of solar energy in different countries, in the beginning of 2020, market participants generally expect that global solar installation will continue double-digit growth rate in this year. However, the COVID-19 outbreak had brought the world economy to an unprecedented halt and major photovoltaic (“PV”) markets were significantly affected.

Traditionally, January and February are the slack season for PV installations in China as these are the winter months and the Lunar New Year holiday in the country. But with the COVID-19 outbreak quickly intensifying, the holidays were then substantially extended. The lockdown and quarantine restriction measures imposed in different provinces and cities have led to a substantial drop in production activities. Therefore, China has installed only 3.95 gigawatt (“GW”) of PV capacity in the first quarter of 2020, representing a decline of about 24% as compared to the same period last year. Because of the reduced workforce, supply chain disruptions and constraints on movement and logistics, PV project construction activities could only resume slowly amid the gradual removal of restrictions in late March. The recovery gained considerably more momentum in the second quarter as uncompleted 2019 competitive bidding projects are required to speed up construction to meet the June 30 installation deadline.

PV installation outside China was basically unaffected in the first quarter of 2020, but not in the second quarter. The rampant spread of COVID-19 around the world starting in late March caused dozens of countries to introduce full or partial lockdown measures. Overseas solar demand thus continued to slump until the gradual easing of restrictions in mid-May. Although certain virus containment measures remain in place in some countries, PV demand in the overseas market has gradually returned to the path of recovery.

Gradual recovery of the global PV installations in the wake of COVID-19 pandemic

By the end of June 2020, lockdown measures were being lifted and economic activities started to resume in some countries where the effects of the COVID-19 outbreak had been gradually coming under control amid some countries were still struggling in the midst of the crisis. The extension of project commissioning deadlines and postponement of planned auctions by some countries would inevitably lead to short-term construction delays and a drop in PV installations across the globe. In spite of this, overseas PV installations have started to show some signs of recovery since the middle of May 2020. Demand has gradually picked up across different countries and regions.

In contrast to other markets, China's PV installation already showed a quicker recovery in the second quarter of 2020. The fundamentals for growth in the second half of the year are expected to be even stronger. As a manufacturing hub of the global solar industry with the largest volume of annual PV installations in the world, China will continue to play a vital role in the recovery of the global PV development.

China's PV installations are set to increase again despite the COVID-19 outbreak

Belated release of policies and approval of projects, together with the postponement of installations by solar farm developers, led to the decline of PV additions in China to 30.1GW in 2019. This situation is not expected to recur again this year. Firstly, there has been no substantial change in the policy regime in 2020. Priority of new PV deployment is still assigned to parity projects and implementing bidding for projects requiring state subsidies. Secondly, the authorities had announced the policies for this year earlier than in the previous year. Developers and contractors will have more time to prepare, organise and complete their projects.

The consultative draft of the competitive bidding policy was issued in January 2020. Despite the disruption of the pandemic, internal bidding and other work at the provincial level still proceeded in an orderly manner. Applications for subsidised PV projects with a total capacity of 33.5GW were received, about 36% higher than that of last year.

Chairman's Statement

In March 2020, China's National Energy Administration ("NEA") confirmed the subsidy amount earmarked for new PV power generation projects for this year. A total subsidy of about Renminbi ("RMB") 1.5 billion has been set aside for incremental PV projects in 2020, of which RMB500 million is allocated for residential rooftop projects and RMB1 billion for bidding projects, including commercial distributed generation and utility-scale PV projects. Grid companies are requested to predict and verify the additional network capacity required for the new wind/solar installations in 2020, ensure electricity generation dispatch, coordinate the engineering and construction work on power transmission, and reasonably arrange the grid-connection timing of the projects. The announcement in advance by grid networks regarding the capacity cap available for new PV additions this year can enable grid-parity projects to progress more smoothly.

In 1H2020, an overwhelming response was observed in many provinces in applying for non-subsidised (grid parity) projects. Competition among PV developers has become even fiercer than last year. In addition, backlog projects of 2019 would provide additional momentum for China's PV installation during 2020. Approved grid-parity projects brought forward from 2019 are set to start construction in 2020 before their installation deadlines and subsidised projects granted under the competitive bidding mechanism in 2019 are required to complete installation before the first half of 2020.

As the COVID-19 pandemic has gradually come under control in the second quarter of 2020, it is expected that China would see a quicker recovery in its PV installations for the remainder of 2020. With the increase in capacity for subsidised projects and the continued declining installation costs driving the growth of parity projects, the upward trend of new installations has become increasingly clear.

Expansion of capacity to prepare for future growth and flexible operating strategies

For the solar glass business of the Group, no new production capacity was added in 1H2020 except for the start of the trial run of a new solar glass production line with a daily melting capacity of 1,000 tonnes in Guangxi at the end of June 2020. Total melting capacity in operation was maintained at around 7,800-tonne/day throughout the Period. The capacity change compared to 1H2019 was mainly attributable to the resumption of two previously suspended production lines during the second half of 2019, with an aggregate melting capacity of 1,100-tonne/day, after cold-repair in Anhui.

The timely expansion of adding capacity in Guangxi by the end of the first half of 2020 can help the Group to further diversify its production bases and seize business opportunities arising from the market recovery in the second half of 2020.

Generally speaking, the COVID-19 pandemic posed no material impact on the Group's solar glass manufacturing during the Period. All solar glass furnaces continued to run on a non-stop (24 hours/day) basis during the COVID-19 outbreak and thus there was no disruption of raw glass production. However, certain processing works, like tempering and coating, were delayed as some workers cannot promptly return to workplace because of quarantine measures. For raw materials and other manufacturing supplies, the Group adopted a flexible procurement and logistics strategy, expanded its supplier network and established an additional inventory buffer to avoid the disruptions of supply. For the delivery of finished goods, diversified production bases in China and Malaysia offered the Group higher flexibility and efficiency in fulfilling orders from customers in different regions despite the transport and logistics restrictions. In light of the rapid development of the double-glass and bifacial technologies and their related products becoming increasingly popular, the Group has allocated more production capacities to thin glass products which can help to mitigate the sudden market shock caused by COVID-19.

Chairman's Statement

Solar farm development in the midst of transitioning towards grid parity

In China, because of the COVID-19 lockdown measures and supply chain disruption, development and construction works of PV projects in 1H2020 were heavily impacted, particularly in the first quarter. However, for self-developed/constructed projects, the Group still managed to add new grid-connected capacity of 270 megawatts ("MW") in 1H2020, of which 100 MW are non-subsidised (grid parity) projects and 170 MW are subsidised projects.

Due to the declining proportion of subsidies and simplified application procedures employed under the grid parity policy, the Group has gradually shifted its development focus towards non-subsidised projects. The Group has initially started its non-subsidised projects in areas with better sunlight utilisation hours as well as high electricity cost and has completed three projects in Guangdong, Hubei and Anhui Provinces so far. Leveraging the experience accumulated by its in-house engineering, procurement and construction ("EPC") team over the years and the continuous declining costs, the Group is confident that the development of non-subsidised projects can be quickly extended to other regions with less solar radiation.

The Group has also participated in subsidised PV projects in 2020. The bidding mechanism is similar to that of last year. Qualified projects are obligated to come online by the end of 2020. Every quarter of delay in the completion will cause a reduction of the feed-in-tariff ("FIT") by RMB0.01 per kilowatt-hour ("kWh"). Projects that fail to be completed before 30 June 2021 will be disqualified from subsidies. According to the bidding results of subsidised PV projects released by NEA in June 2020, 434 projects with a total capacity of about 26GW were approved, and among them the Group secured a 60MW project in Guangxi.

Steady growth of contributions from solar power electricity generation

The contribution from the electricity generation of the Group's solar farms grew steadily in 1H2020 amid the increase in grid-connected capacity. Revenue and gross profit increased by 7.5% and 7.4% year-on-year respectively. During the Period, the Group added four solar farms with an aggregate grid-connected capacity of 290MW, including a 20MW project acquired by Xinyi Energy Holdings Limited and its subsidiaries ("Xinyi Energy Group") from an independent third party.

As at 30 June 2020, the accumulated approved grid-connected capacity of the Group's solar farm projects was 2,920MW, of which 2,764MW was for utility-scale ground-mounted projects and 156MW was for rooftop distributed generation projects (with electricity generated for self-consumption and for sale to the grid). In terms of ownership, projects with a capacity of 1,514MW were held through Xinyi Energy Group (52.7% owned by Xinyi Solar); projects with a capacity of 1,206MW were held through wholly-owned subsidiaries; projects with a capacity of 100MW were held through non-wholly owned subsidiaries (90%-owned by the Group); and a project with a capacity of 100MW was held by a joint-venture (50%-owned by the Group).

Regarding the subsidy payment, China has adopted certain new administrative measures since January 2020. According to the new provisions, it no longer publishes the renewable energy tariff subsidy catalogue (the "Subsidy Catalogue") from time to time. Instead, all renewable energy projects must submit subsidy applications through the national renewable energy information management platform. Grid companies will then determine and regularly announce a list of renewable energy power generation projects that are eligible for subsidy (the "Renewable Energy Power Generation Project List") in accordance with the project type, grid connection time, and technical level. Projects listed in the first to seventh batches of the Subsidy Catalogue will be included in the Renewable Energy Power Generation Project List directly. However, as affected by the lockdown and other restrictions of the COVID-19, there was a delay in the application and approval processes in 1H2020.

Chairman's Statement

As in previous years, the Group has also strived to enhance the operational efficiency of its solar farms by monitoring the operating statistics on a real-time basis, performing regular cleaning and implementing timely preventive maintenance to minimise the risk of failure.

BUSINESS OUTLOOK

The slowdown of global PV deployment as a result of the COVID-19 crisis will inevitably affect the demand dynamics across different segments of the solar value chain and create new challenges to the industry players. The impact is far-reaching though some restrictions have been gradually lifted in the second quarter of 2020. Fear of another wave of infections also added uncertainty to the situation. The planning and kicking-off of some new projects are still affected. Supply chain disruptions, construction delays and financing challenges all give rise to the lower projection on the current year's PV installations than previously expected. Nevertheless, massive cost reductions in recent years have enabled solar power to compete directly with other energy sources. After short-term setbacks, global solar development is poised to resume its growth trajectory. Diversification and expansion of PV installation across the globe are expected to continue.

Rapid cost reductions have caused the solar business becoming less reliant on government subsidies; however, its further growth still hinges on the supportive initiatives of different governments. With more and more countries approaching grid parity, supportive measures on grid access, priority dispatch, power purchase contracts and electricity market reform are becoming more important.

China's PV installation rate is poised to achieve a strong rebound in the second half of 2020. Increased interest in PV investments by state-owned enterprises, the higher-than-expected approved quota for subsidised projects and overwhelming response in non-subsidised (grid parity) project applications all contribute to the higher expectation of the country's PV deployment for the remainder of 2020.

Scale advantage, product innovation, technology-driven cost reduction and the gradual phasing out of less-efficient production lines will continue to drive the growth and may trigger further industry consolidation in different segments of the solar value chain, including solar glass.

To prepare for future growth and enlarge its market share, the Group has spared no effort in expanding its solar glass production capacity despite the construction delay caused by the COVID-19 pandemic. The first new production lines with daily melting capacity of 1,000-tonne/day in Guangxi already started trial run by the end of June 2020; and the second one, with daily melting capacity of 1,000-tonne/day, is expected to commence operation in August 2020. For the four new production lines in Anhui each with a daily melting capacity of 1,000-tonne/day, the Group aims to start the operation of a new production line in each quarter of 2021.

Other than capacity expansion, the Group also strives to sharpen its competitive edge through improved cost efficiency and product development. As previously planned, the Group's first low-iron silicon sand mine in Guangxi is expected to begin operation in the September 2020, which can help to mitigate the impact of rising raw material costs. In addition, the Group will step up efforts in the development and promotion of thin glass in double-glass and bifacial solar modules applications so as to further strengthen the competitiveness of its solar glass business.

Chairman's Statement

As for the solar farm business, the Group will continue to actively explore opportunities in different regions of China so as to boost its project pipeline and establish a more diversified solar farm portfolio. Considering the impact of COVID-19 in 1H2020, the Group still aims to maintain its annual installation target of adding a new capacity of 600MW in 2020.

The global solar market could show stronger resilience and more sustainability after the COVID-19 crisis as ongoing cost reductions will further drive the demand growth of PV installations. The COVID-19 outbreak has caused a widespread impact to the world, but it also presents a good chance for policy makers to increase the commitments to solar power in their post-crisis economic stimulus packages, and through which to speed up the transition process to clean energy. As a leading company in the solar value chain, the Group will grasp the opportunities to promote the parallel development of the solar glass and solar farm businesses to further its business growth.

Dr. LEE Yin Yee, B.B.S.

Chairman

Hong Kong, 3 August 2020

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue for 1H2020 was mainly derived from two core business segments, namely: (i) the sale and manufacturing of solar glass; and (ii) the solar farm business. Despite the uncertainties and challenges brought by the COVID-19 outbreak, these two core businesses continued to maintain revenue growth during the Period.

Revenue – By segment

	1H2020		1H2019		Increase/(Decrease)	
	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>%</i>
Sales of solar glass	3,487.9	75.4	2,924.6	73.2	563.3	19.3
Solar farm business	1,101.3	23.8	1,024.9	25.6	76.4	7.5
EPC services	33.8	0.7	47.6	1.2	(13.8)	(29.0)
Total external revenue*	<u>4,622.9</u>	<u>100.0</u>	<u>3,997.0</u>	<u>100.0</u>	625.9	15.7

* The sum of the individual amounts rounded off may not be the same as the actual total amount.

Solar Glass Revenue – By geographical market

	1H2020		1H2019		Increase/(Decrease)	
	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>%</i>
The PRC	2,514.9	72.1	2,216.4	75.8	298.5	13.5
Other countries	973.0	27.9	708.2	24.2	264.8	37.4
	<u>3,487.9</u>	<u>100.0</u>	<u>2,924.6</u>	<u>100.0</u>	563.3	19.3

Management Discussion and Analysis

Regarding the solar glass business, the Group recorded sales revenue of HK\$3,487.9 million in 1H2020, representing a year-on-year increase of 19.3%. The increase was primarily due to increased sales volume of thin glass products and higher year-on-year average selling price (“ASP”), partially offset by the depreciation of the Renminbi (“RMB”) and Malaysian Ringgit (“MYR”) against the Hong Kong dollar (“HKD”).

As supported by the demand from overseas markets, solar glass prices remained stable during the COVID-19 outbreak in China and maintained at a similarly high level as that in the last quarter of 2019 throughout the first quarter of 2020. Prices then declined in April when the pandemic spread across other countries. The dropping trend gradually ceased around the middle of May with the steady pick-up of PV installations in China. The market price of mainstream solar glass products (3.2mm) at the end of June 2020 was about 17% lower than that at the beginning of the year, but the ASP for 1H2020 was still about 3-5% higher compared with 1H2019.

In view of the reduced overall downstream demand and higher utilisation of double-glass and bifacial technologies, the Group promptly adjusted its production lines by shifting more capacity to thin glass (2.5mm/2.0mm) production during the Period. As double-glass and bifacial solar modules require two pieces of solar glass in their design, their greater market penetration would create additional demand for solar glass and mitigate the impact of the slowdown in demand. Benefitting from the increased sales of thin glass, the Group still managed to record a 9.7% increase in sales volume (in terms of tonnage) in 1H2020 compared with 1H2019.

The Group recorded a year-on-year revenue growth of 13.5% and 37.4% in the PRC domestic market and overseas market, respectively. Overseas sales accounted for 27.9% (1H2019: 24.2%) of the Group’s total solar glass sales in 1H2020.

Management Discussion and Analysis

Revenue from electricity generation for 1H2020 was derived from the Group's solar farms in the PRC as set forth below.

	30 June 2020 MW	31 December 2019 MW	30 June 2019 MW
Utility-scale ground-mounted solar farms			
Anhui province	1,460	1,370	1,340
Others (Hubei, Tianjin, Henan, Hebei, etc.)	<u>1,204</u>	<u>1,004</u>	<u>934</u>
Sub-total	2,664	2,374	2,274
Commercial distributed generation projects	<u>38</u>	<u>38</u>	<u>38</u>
Total	<u>2,702</u>	<u>2,412</u>	<u>2,312</u>
Total number of solar farms	36	32	30
Weighted average FIT * (RMB/kWh)	0.83	0.88	0.90

* The weighted average FIT rate is proportionately weighted in accordance with the approved grid-connection capacity of each solar farm.

Management Discussion and Analysis

Revenue of the Group's solar farm business increased by 7.5% from HK\$1,024.9 million in 1H2019 to HK\$1,101.3 million in 1H2020. As FiTs were fixed upon grid-connection and sunlight radiation remained relatively stable, the increase in revenue was mainly attributable to the capacities added in 1H2020 and the second half of 2019. In 1H2020, the Group completed the grid-connection of three solar farm projects with aggregate capacities of 270MW. These projects are located in Hubei, Hebei and Anhui Provinces. Besides, Xinyi Energy Group also completed the acquisition of a 20MW solar farm project from an independent third party during the Period. Diversified solar farms could help the Group to reduce the risk exposure to extreme weather conditions and secure more stable electricity generation as a whole.

New solar farm projects, with lower FiTs, would reduce the weighted average FiT of the Group and provide lesser revenue contribution per kWh of electricity generation. However, reduced reliance on subsidies could enable these projects to provide a more predictable and stable cash flow to the Group. Similar to other solar farm operators in China, the Group has also experienced delay in receiving subsidy payments in relation to electricity generation of its solar farms. As at 30 June 2020, the outstanding tariff adjustment (subsidy) receivable of the Group amounted to HK\$3,524.7 million. In accordance with the prevailing government policies, the receivables from sales of electricity are generally settled on a monthly basis by state grid companies, while the settlement of the tariff adjustment (subsidy) receivables is subject to the registration approval of the solar farms to the Renewable Energy Power Generation Project List administered by the respective grid companies.

EPC revenue of the Group's decreased by 29.0% in 1H2020 to HK\$33.8 million (1H2019: HK\$47.6 million). Because of the one-off and ad-hoc nature of EPC projects, the Group considers that focusing efforts on self-owned solar farm development can ensure more efficient utilisation of its resources. Therefore, the Group's EPC revenue in 1H2020 was mainly contributed by a 60%-owned subsidiary, Polaron Solartech Corp, which specialises in developing residential and commercial distributed generation PV projects in different provinces of Canada.

Gross profit

The Group's gross profit increased by HK\$616.7 million, or 39.2%, from HK\$1,572.0 million in 1H2019 to HK\$2,188.7 million in 1H2020. Overall gross profit margin of the Group increased to 47.3% (1H2019: 39.3%). The enhanced gross profit performance was mainly contributed by the significant improvements in the Group's solar glass business.

During the Period, gross profit margin of the Group's solar glass business increased by 11.6 percentage points to 38.9% (1H2019: 27.3%). The remarkable increase in margin was mainly attributable to: (i) a higher ASP compared to the last corresponding period (despite the declines in the second quarter of 2020, ASP of mainstream solar glass products (3.2mm) still rose about 3-5% year-on-year in 1H2020); (ii) reduction in certain raw materials and energy costs (like soda ash, natural gas and electricity) as well as the continuous improvements in production efficiency; and (iii) increased revenue and profit contributions derived from thin glass products (2.5/2.0 mm).

Gross profit contribution from the Group's solar farm business mildly increased in 1H2020 by 7.4% to HK\$820.2 million (1H2019: HK\$763.6 million). The change was in line with the segment's revenue growth. This segment's gross profit margin remained stable, amounting to 74.5% in 1H2020 (1H2019: 74.5%).

Because of the higher margin of overseas EPC projects, gross profit contribution of the Group's EPC business increased from HK\$9.6 million in 1H2019 to HK\$12.5 million in 1H2020.

Other income

During the Period, the Group's other income increased by HK\$7.0 million to HK\$70.7 million, as compared to HK\$63.7 million recorded in 1H2019. The increase was principally due to additional government grants received, partially offset by the decreases in scrap sales and tariff adjustments in relation to the electricity generated by the solar power system installed on the rooftops of the Group's production complex.

Management Discussion and Analysis

Other (losses)/gains, net

The Group recorded other losses, net of HK\$1.4 million for 1H2020, as compared to other gains, net of HK\$1.4 million for 1H2019. The losses in 1H2020 mainly represented the foreign exchange losses.

Selling and marketing expenses

The Group's selling and marketing expenses increased by 8.3% from HK\$125.8 million in 1H2019 to HK\$136.2 million in 1H2020. The percentage change was lower than the percentage growth of solar glass sales volume (9.7%) during the Period. Except for transportation costs, which increased roughly in tandem with the change in sales volume, other selling and marketing expenses mostly showed some decline because of the streamlining measures adopted during the Period. In 1H2020, the ratio of the Group's selling and marketing expenses to revenue decreased slightly to 2.9% (1H2019: 3.1%).

Administrative and other operating expenses

The Group's administrative expenses decreased by HK\$11.7 million, or 5.3%, from HK\$219.9 million in 1H2019 to HK\$208.2 million in 1H2020. The decrease was mainly due to the net impact of: (i) a decrease in research and development expenses of HK\$24.1 million; (ii) no listing expenses recorded in 1H2020 compared to expenses of HK\$14.7 million incurred in 1H2019 for the spin-off of Xinyi Energy; (iii) an increase in employee benefit expenses of HK\$10.2 million; and (iv) an increase in other miscellaneous expenses of HK\$16.9 million, including the donation of HK\$12.1 million in relation to the COVID-19 pandemic. Because of the drop in expenses and higher sales revenue, the ratio of administrative and other operating expenses to revenue decreased from 5.5% in 1H2019 to 4.5% in 1H2020.

Management Discussion and Analysis

Finance costs

The Group's finance costs decreased from HK\$156.0 million (or HK\$175.5 million before capitalisation) in 1H2019 to HK\$116.5 million (or HK\$137.3 million before capitalisation) in 1H2020. The decrease was mainly attributable to the declining interest rates as well as the decrease in average bank borrowings of the Group. During the Period, interest expense of HK\$20.8 million (1H2019: HK\$19.5 million) was capitalised into the costs of solar farms and solar glass production facilities under construction. The capitalised amounts would depreciate together with the relevant assets over their estimated useful lives.

Share of profit of a joint venture

The Group's share of profit of a joint venture amounted to HK\$18.6 million for 1H2020 (1H2019: HK\$14.6 million), which was contributed by a 50%-owned joint venture, Xinyi Solar (Lu'an) Company Limited, engaging in the management and operation of a 100 MW solar farm in Lu'an, Anhui Province, the PRC.

Income tax expense

The Group's income tax expense increased from HK\$91.5 million in 1H2019 to HK\$225.3 million in 1H2020. The increase was primarily attributable to: (i) a higher profit of the solar glass business; and (ii) the corporate income tax ("CIT") exemption/reduction period of certain solar farms expired during the Period.

The Group's solar farms are eligible for CIT exemption in the first three years from the year they commence operation and a 50% tax reduction in the subsequent three years.

EBITDA and net profit

For 1H2020, the Company's EBITDA (earnings before interest, taxation, depreciation and amortisation) was HK\$2,359.5 million, representing an increase of 37.1% as compared to HK\$1,721.5 million for 1H2019. The Company's EBITDA margin (calculated based on total revenue for the period) was 51.0% for 1H2020 as compared to 43.1% for 1H2019.

Management Discussion and Analysis

Net profit attributable to equity holders of the Company for 1H2020 was HK\$1,406.5 million, representing an increase of 47.6% as compared to HK\$952.7 million for 1H2019. Net profit margin increased to 30.4% for 1H2020 from 23.8% for 1H2019, mainly due to enhanced profitability of the solar glass business and lower finance costs, which was partially offset by the reduced sharing of profit of Xinyi Energy Group (from 75% to 52.7% for 954MW solar farm projects and from 100% to 52.7% for 540MW solar farm projects) after the spin-off in May 2019.

Financial Resources and Liquidity

In 1H2020, the total assets of the Group increased by 6.7% to HK\$30,312.5 million and shareholders' equity increased by 5.4% to HK\$14,937.7 million. The Group's current ratio as at 30 June 2020 was 1.8, compared to 1.8 as at 31 December 2019. As at 30 June 2020, the Group's financial position remained healthy, with cash and cash equivalents of approximately HK\$2,790.8 million and unutilised banking facilities of HK\$3,128.7 million.

During the Period, the Group's primary source of funding included cash generated from the Group's operating activities and the credit facilities provided by banks. Net cash inflow from operating activities amounted to HK\$1,259.9 million (1H2019: HK\$488.4 million). The increase in net cash inflow was primarily attributable to the increase in revenue from the Group's solar glass and solar farm businesses. Net cash used for investing activities amounted to HK\$1,108.7 million (1H2019: HK\$1,137.3 million). The decrease was primarily due to the decline in capital expenditures as the construction of some solar farm projects was delayed because of the COVID-19 pandemic and increase in interest received. Net cash generated from financing activities amounted to HK\$448.5 million (1H2019: HK\$4,216.0 million). During the Period, the Group secured new bank borrowings of HK\$2,208.4 million and repaid bank borrowings of HK\$1,223.7 million.

The Group's net debt gearing ratio, which is bank borrowings less cash and cash equivalents divided by total equity, as at 30 June 2020 was 25.5% (31 December 2019: 24.0%). The gearing level of the Group increased slightly during the Period as the percentage increase in net debts was larger than the percentage increase in total equity.

Management Discussion and Analysis

Capital Expenditures and Commitments

The Group incurred capital expenditures of HK\$1,141.0 million for 1H2020 which was primarily used in the development of the solar farm projects in China as well as the modification and upgrade of solar glass production facilities. Capital commitments contracted for but not incurred by the Group as at 30 June 2020 amounted to HK\$1,288.0 million, which were mainly related to the development and construction of solar farm projects in China and expansion of solar glass production capacities.

Pledge of Assets

No assets of the Group were pledged as security for bank borrowings as at 30 June 2020.

Contingent Liabilities

As at 30 June 2020, the Group did not have any significant contingent liabilities.

Material Acquisitions and Disposal of Subsidiaries

Save as disclosed in this report, there was no material acquisition and disposal of subsidiaries and associated companies during 1H2020.

Treasury Policies and Exposure to Fluctuation in Exchange Rates

The Group mainly operates in China with most of its significant transactions denominated and settled in RMB and US Dollar (“USD”). Given the pegged exchange rate between HKD and USD, the Directors do not foresee that the Group will be exposed to significant exchange rate risk for transactions conducted in HKD or USD. However, exchange rate fluctuations between RMB and HKD or RMB and USD could affect the Group’s performance and asset value. The Group also has solar glass production facilities and business activities in Malaysia. Exchange rate fluctuations between MYR and HKD could also affect the Group’s performance and asset value.

Management Discussion and Analysis

Because of the depreciation of RMB against HKD in 1H2020, the Group reported non-cash translation losses – a decline in the reserve of consolidated balance sheet – when converting RMB-denominated assets into HKD. For 1H2020, exchange losses of HK\$393.0 million were recorded as the exchange reserve movement. As a result, the debit balance in the consolidated exchange reserve account increased from HK\$1,158.3 million as of 31 December 2019 to HK\$1,551.3 million as of 30 June 2020.

For the Group's solar farm business, the revenue from solar power electricity generation is denominated in RMB whilst the bank borrowings are denominated in HKD. The Group would strike a balance to minimise the risk of currency mismatch between the revenue and bank borrowings as well as the advantage of the interest rate difference between HKD and RMB bank borrowings. As at 30 June 2020, all the bank borrowings of the Group were denominated in HKD.

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

Employees and Remuneration Policy

As at 30 June 2020, the Group had about 4,377 full-time employees of whom 3,518 were based in Mainland China and 859 were based in Malaysia, Hong Kong, and other countries. The total staff costs, including the emoluments of the Directors, amounted to HK\$197.5 million for 1H2020.

The Group maintains good working relationship with its employees and provides training when necessary to keep its employees informed of the latest information on developments of its products and production processes. Remuneration packages offered to the Group's employees are generally consistent with the prevailing levels in the market and are reviewed on a regular basis. Apart from basic remuneration and the statutory retirement benefit scheme, discretionary bonuses may be provided to selected employees taking into consideration the Group's performance and the performance of the individual employee.

Condensed Consolidated Income Statement

		Six months ended 30 June	
		2020	2019
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	4,622,918	3,997,036
Cost of sales	7	<u>(2,434,228)</u>	<u>(2,425,052)</u>
Gross profit		2,188,690	1,571,984
Other income	4	70,742	63,691
Other (losses)/gains, net	5	(1,392)	1,407
Selling and marketing expenses	7	(136,157)	(125,777)
Administrative and other operating expenses	7	<u>(208,194)</u>	<u>(219,921)</u>
Operating profit		1,913,689	1,291,384
Finance income	6	21,948	10,257
Finance costs	6	(116,479)	(156,025)
Share of profits of a joint venture	13	18,632	14,594
Share of profits/(losses) of associates		<u>83</u>	<u>(94)</u>
Profit before income tax		1,837,873	1,160,116
Income tax expense	8	<u>(225,258)</u>	<u>(91,539)</u>
Profit for the period		<u>1,612,615</u>	<u>1,068,577</u>
Profit for the period attributable to:			
– the equity holders of the Company		1,406,467	952,716
– non-controlling interests		<u>206,148</u>	<u>115,861</u>
		<u>1,612,615</u>	<u>1,068,577</u>
Earnings per share attributable to the equity holders of the Company (Expressed in HK cents per share)			
– Basic	9(a)	<u>17.39</u>	<u>12.07</u>
– Diluted	9(b)	<u>17.38</u>	<u>12.07</u>

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit for the period	1,612,615	1,068,577
Other comprehensive loss, net of tax: Items that may be reclassified to profit or loss		
Currency translation differences	(492,273)	(58,981)
Share of other comprehensive loss of a joint venture accounted for under equity method		
– Share of currency translation differences	(6,333)	(2,397)
Total comprehensive income for the period	1,114,009	1,007,199
Total comprehensive income for the period attributable to:		
– the equity holders of the Company	1,013,503	851,998
– non-controlling interests	100,506	155,201
	1,114,009	1,007,199

Condensed Consolidated Balance Sheet

		As at	
		30 June 2020	31 December 2019
		HK\$'000 (Unaudited)	HK\$'000 (Audited)
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	11	16,977,812	16,710,968
Right-of-use assets	12	1,309,494	1,249,116
Prepayments for property, plant and equipment and land use rights	15	404,638	319,143
Interests in a joint venture	13	337,698	334,860
Investments in associates		69,319	69,237
Finance lease receivables		180,888	189,944
Deferred income tax assets		35,278	46,091
Goodwill		12,218	10,471
Total non-current assets		19,327,345	18,929,830
Current assets			
Inventories		607,881	410,480
Contract assets		33,354	39,620
Trade receivables	14	5,060,291	4,242,392
Bills receivables	14	1,225,490	1,194,111
Prepayments, deposits and other receivables	15	1,261,246	1,347,567
Finance lease receivables		6,026	6,335
Amount due from a joint venture	20(b)	—	5,630
Cash and cash equivalents		2,790,841	2,221,055
Total current assets		10,985,129	9,467,190
Total assets		30,312,474	28,397,020
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	17	816,514	808,186
Reserves		3,564,035	4,217,941
Retained earnings		10,557,186	9,150,719
		14,937,735	14,176,846
Non-controlling interests		4,225,308	4,396,283
Total equity		19,163,043	18,573,129

Condensed Consolidated Balance Sheet

	Note	As at	
		30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Bank borrowings	18	4,260,059	3,879,527
Lease liabilities		605,872	585,442
Other payables	16	63,853	57,337
Deferred income tax liabilities		10,969	11,533
Total non-current liabilities		4,940,753	4,533,839
Current liabilities			
Bank borrowings	18	3,417,163	2,803,618
Trade and other payables	16	2,444,257	2,220,441
Contract liabilities		81,997	31,889
Lease liabilities		54,324	41,053
Amounts due to related companies	20(b)	76,017	90,732
Current income tax liabilities		134,920	102,319
Total current liabilities		6,208,678	5,290,052
Total liabilities		11,149,431	9,823,891
Total equity and liabilities		30,312,474	28,397,020

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company (Unaudited)						Total equity HK\$'000
	Share capital (Note 17) HK\$'000	Share premium (Note 17) HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
	Balance at 1 January 2020	808,186	2,956,278	1,261,663	9,150,719	14,176,846	
Comprehensive income							
Profit for the period	—	—	—	1,406,467	1,406,467	206,148	1,612,615
Other comprehensive income							
Currency translation differences	—	—	(386,631)	—	(386,631)	(105,642)	(492,273)
Share of other comprehensive loss of a joint venture accounted for under the equity method	—	—	(6,333)	—	(6,333)	—	(6,333)
Total comprehensive income for the period	—	—	(392,964)	1,406,467	1,013,503	100,506	1,114,009
Transactions with owners							
Issuance of shares in respect of scrip dividend of 2019 final dividend	7,841	410,856	—	—	418,697	—	418,697
Employees' share option scheme – exercise of employees' share options	487	15,112	(3,477)	—	12,122	—	12,122
– value of employee services	—	—	3,596	—	3,596	—	3,596
Dividend relating to 2019	—	(687,029)	—	—	(687,029)	—	(687,029)
Dividend paid to non-controlling interests	—	—	—	—	—	(271,481)	(271,481)
Balance at 30 June 2020	816,514	2,695,217	868,818	10,557,186	14,937,735	4,225,308	19,163,043

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company (Unaudited)						
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	(Note 17) HK\$'000	(Note 17) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2019	765,969	1,856,628	376,098	7,435,114	10,433,809	1,625,109	12,058,918
Comprehensive income							
Profit for the period	—	—	—	952,716	952,716	115,861	1,068,577
Other comprehensive income							
Currency translation differences	—	—	(98,321)	—	(98,321)	39,340	(58,981)
Share of other comprehensive loss of a joint venture accounted for under the equity method	—	—	(2,397)	—	(2,397)	—	(2,397)
Total comprehensive income for the period	—	—	(100,718)	952,716	851,998	155,201	1,007,199
Transactions with owners							
Acquisitions of subsidiaries	—	—	—	—	—	1,439	1,439
Issurance of shares in respect of placing, net of transaction costs	38,000	1,267,542	—	—	1,305,542	—	1,305,542
Employees' share option scheme							
– exercise of employees' share options	799	27,718	(6,057)	—	22,460	—	22,460
– value of employee services	—	—	2,637	—	2,637	—	2,637
Dividend relating to 2018	—	(337,989)	—	—	(337,989)	—	(337,989)
Dividend paid to non-controlling interests	—	—	—	—	—	(78,987)	(78,987)
Changes in ownership interests in subsidiaries without loss of control	—	—	1,117,955	—	1,117,955	2,690,191	3,808,146
Balance at 30 June 2019	804,768	2,813,899	1,389,915	8,387,830	13,396,412	4,392,953	17,789,365

Condensed Consolidated Statement of Cash Flows

		Six months ended 30 June	
		2020	2019
Note		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Operating cash flow before working capital changes		2,346,699	1,721,421
Changes in working capital:			
Inventories		(209,171)	(16,255)
Trade, bills and other receivables		(817,940)	(861,225)
Trade payables, accruals and other payables		184,707	(202,032)
Others		(244,419)	(153,471)
Net cash generated from operating activities		<u>1,259,876</u>	<u>488,438</u>
Cash flows from investing activities			
Payment for acquisition of right-of-use assets		(56,337)	(62,470)
Purchases of and prepayments for purchase of property, plant and equipment		(1,084,616)	(1,089,409)
Acquisition of subsidiaries, net of cash acquired		809	(17,542)
Proceeds from disposal of property, plant and equipment		32	2,393
Repayment from a joint venture		9,461	19,478
Interest received		21,947	10,257
Net cash used in investing activities		<u>(1,108,704)</u>	<u>(1,137,293)</u>

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Cash flows from financing activities		
Proceeds from changes in ownership interest in subsidiaries without loss of control	—	3,808,146
Proceeds from issuance of shares in respect of placing	—	1,305,542
Proceeds from issuance of shares under employees' share option scheme	12,122	22,460
Proceeds from bank borrowings	2,208,442	1,141,149
Repayment of bank borrowings	(1,223,671)	(1,969,575)
Dividend paid to Company's shareholders	(268,225)	—
Dividend paid to non-controlling interests	(271,471)	(78,987)
Principal element of lease payments	(8,671)	(12,703)
Net cash generated from financing activities	448,526	4,216,032
Net increase in cash and cash equivalents	599,698	3,567,177
Cash and cash equivalents at beginning of the period	2,221,055	783,873
Effect of foreign exchange rate changes	(29,912)	475
Cash and cash equivalents at end of the period	2,790,841	4,351,525

Notes to the Condensed Consolidated Financial Information

1 GENERAL INFORMATION

Xinyi Solar Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) are principally engaged in the production and sale of solar glass products, which are carried out internationally, through the production complexes located in the People’s Republic of China (the “**PRC**”) and Malaysia. In addition, the Group is also engaged in the development and operation of solar farms as well as the engineering, procurement and construction (“**EPC**”) services.

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 3 August 2020.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2020 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 (“**HKICPA**”). 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 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements. Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

Notes to the Condensed Consolidated Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(Continued)

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

The following new standard, amendments to standards and framework are effective for accounting periods beginning on or after 1 January 2020. The adoption of which does not have a material impact on the Group's results and financial position for the current or prior periods.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3 Revised Conceptual Framework	Definition of a Business Revised Conceptual Framework for Financial Reporting
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Notes to the Condensed Consolidated Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(Continued)

(b) New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2020 and not early adopted by the Group

		Effective for accounting periods beginning on or after
Amendments to HKFRS 16	Covid-19-related Rent Concessions	1 June 2020
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020 Cycle		1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	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 and amendments to standards. 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 AND SEGMENT INFORMATION

Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Sales of solar glass	<u>3,487,873</u>	<u>2,924,555</u>
Solar farm business		
– Sales of electricity	468,305	405,833
– Tariff adjustment	<u>632,972</u>	<u>619,060</u>
	<u>1,101,277</u>	<u>1,024,893</u>
Construction contracts revenue - EPC services	<u>33,768</u>	<u>47,588</u>
Total revenue	<u>4,622,918</u>	<u>3,997,036</u>

Management has determined the operating segments based on the reports reviewed by the Executive Directors that are used to make strategic decisions.

The Executive Directors consider the business from product type perspective. Generally, the Executive Directors consider the performance of business of each product type within the Group separately. Thus, the performance of each product type within the Group is an individual operating segment.

For the six months ended 30 June 2020, there are three operating segments based on business type: (1) sales of solar glass; (2) solar farm business, which includes solar farm development and solar power generation; and (3) EPC services.

The Executive Directors assess the performance of the operating segments based on a measure of gross profit. The Group does not allocate operating costs to its segments as this information is not reviewed by the Executive Directors.

Notes to the Condensed Consolidated Financial Information

3 REVENUE AND SEGMENT INFORMATION (Continued)

The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the interim condensed consolidated income statement.

The following tables present revenue, profit and other information regarding the Group's operating segments for the six months ended 30 June 2020 and 2019 respectively.

	Six months ended 30 June 2020 (Unaudited)			
	Sales of solar glass HK\$'000	Solar farm business HK\$'000	EPC services HK\$'000	Total HK\$'000
Segment revenue				
Recognised at a point in time	3,487,873	1,101,277	—	4,589,150
Recognised over time	—	—	33,768	33,768
Revenue from external customers	3,487,873	1,101,277	33,768	4,622,918
Cost of sales	(2,131,891)	(281,070)	(21,267)	(2,434,228)
Gross profit	1,355,982	820,207	12,501	2,188,690
Depreciation charge of property, plant and equipment	151,325	231,866	334	383,525
Depreciation charge of rights-of-use assets	8,333	12,758	492	21,583
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	612,863	536,965	4,322	1,154,150

Notes to the Condensed Consolidated Financial Information

3 REVENUE AND SEGMENT INFORMATION (Continued)

	Six months ended 30 June 2019 (Unaudited)			
	Sales of	Solar farm	EPC	Total
	solar glass	business	services	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue				
Recognised at a point in time	2,924,555	1,024,893	—	3,949,448
Recognised over time	—	—	47,588	47,588
	<u>2,924,555</u>	<u>1,024,893</u>	<u>47,588</u>	<u>3,997,036</u>
Revenue from external customers	2,924,555	1,024,893	47,588	3,997,036
Cost of sales	(2,125,719)	(261,300)	(38,033)	(2,425,052)
	<u>798,836</u>	<u>763,593</u>	<u>9,555</u>	<u>1,571,984</u>
Gross profit				
Depreciation charge of property, plant and equipment	157,624	227,979	378	385,981
Depreciation charge of rights-of-use assets	6,012	13,176	219	19,407
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	495,409	1,467,699	798	1,963,906
	<u>495,409</u>	<u>1,467,699</u>	<u>798</u>	<u>1,963,906</u>

Notes to the Condensed Consolidated Financial Information

3 REVENUE AND SEGMENT INFORMATION (Continued)

Reportable segment assets/liabilities are as follows:

	Segment assets and liabilities				Total HK\$'000
	Solar glass HK\$'000	Solar farm business HK\$'000	EPC service HK\$'000	Unallocated HK\$'000	
At 30 June 2020 (Unaudited)					
Total assets	11,115,669	18,372,661	393,017	431,127	30,312,474
Total liabilities	<u>1,471,748</u>	<u>3,795,410</u>	<u>314,985</u>	<u>5,567,288</u>	<u>11,149,431</u>
At 31 December 2019 (Audited)					
Total assets	9,550,312	17,941,676	485,023	420,009	28,397,020
Total liabilities	<u>1,156,483</u>	<u>3,620,257</u>	<u>315,056</u>	<u>4,732,095</u>	<u>9,823,891</u>

Notes to the Condensed Consolidated Financial Information

3 REVENUE AND SEGMENT INFORMATION (Continued)

Reportable segment assets/(liabilities) are reconciled to total assets/(liabilities) as follows:

	Assets as at		Liabilities as at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Segment assets/(liabilities)	29,881,347	27,977,011	(5,582,143)	(5,091,796)
Unallocated:				
Property, plant and equipment	335	1,333	—	—
Investment in a joint venture	337,698	334,860	—	—
Investments in associates	69,319	69,237	—	—
Prepayments, deposits and other receivables	1,388	1,000	—	—
Cash and cash equivalents	12,418	3,372	—	—
Deferred income tax assets	9,969	10,207	—	—
Other payables	—	—	(2,680)	(1,918)
Bank borrowings	—	—	(5,564,608)	(4,730,177)
Total assets/(liabilities)	<u>30,312,474</u>	<u>28,397,020</u>	<u>(11,149,431)</u>	<u>(9,823,891)</u>

Notes to the Condensed Consolidated Financial Information

3 REVENUE AND SEGMENT INFORMATION (Continued)

A reconciliation of segment gross profit to profit before income tax is provided as follows:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Segment gross profit	2,188,690	1,571,984
Unallocated:		
Other income	70,742	63,691
Other (losses)/gains, net	(1,392)	1,407
Selling and marketing expenses	(136,157)	(125,777)
Administrative and other operating expenses	(208,194)	(219,921)
Finance income	21,948	10,257
Finance costs	(116,479)	(156,025)
Share of profits of a joint venture	18,632	14,594
Share of profits/(losses) of associates	83	(94)
Profit before income tax	<u>1,837,873</u>	<u>1,160,116</u>

Notes to the Condensed Consolidated Financial Information

3 REVENUE AND SEGMENT INFORMATION (Continued)

The Group's revenue is mainly derived from customers located in the PRC and other countries while the Group's business activities are conducted predominately in the PRC and Malaysia. An analysis of the Group's sales by geographical area of its customers is as follows:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from sales of solar glass		
The PRC	2,514,922	2,216,362
Other countries	972,951	708,193
	<u>3,487,873</u>	<u>2,924,555</u>
Revenue from solar farm business in the PRC		
Sales of electricity	468,305	405,833
Tariff adjustment	632,972	619,060
	<u>1,101,277</u>	<u>1,024,893</u>
Revenue from construction contracts in respect of EPC services		
The PRC	1,002	12,592
Other countries	32,766	34,996
	<u>33,768</u>	<u>47,588</u>
Total revenue	<u>4,622,918</u>	<u>3,997,036</u>

Notes to the Condensed Consolidated Financial Information

3 REVENUE AND SEGMENT INFORMATION (Continued)

An analysis of the Group's non-current assets other than finance lease receivables and deferred income tax assets by geographical area in which the assets are located is as follows:

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
The PRC	17,664,195	17,157,609
Other countries	<u>1,446,984</u>	<u>1,536,186</u>
	<u>19,111,179</u>	<u>18,693,795</u>

4 OTHER INCOME

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Rental income	817	1,264
Government grants (Note (a))	48,943	26,084
Others (Note (b))	<u>20,982</u>	<u>36,343</u>
	<u>70,742</u>	<u>63,691</u>

Notes:

- Government grants mainly represent grants received from the PRC government in subsidising the Group's general operations and certain tax payments.
- It mainly represents scrap sales, compensation of insurance claims and tariff adjustments in relation to the electricity generated by the solar power system installed on the rooftop at the Group's production complex.

Notes to the Condensed Consolidated Financial Information

5 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Foreign exchange (losses)/gains, net	(1,319)	4,639
Loss on disposal of property, plant and equipment	(73)	(3,232)
	<u>(1,392)</u>	<u>1,407</u>

6 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	<u>21,948</u>	<u>10,257</u>
Finance costs		
Interest for lease liabilities	19,016	18,782
Interest on bank borrowings	<u>118,257</u>	<u>156,709</u>
	137,273	175,491
Less: Amounts capitalised on qualifying assets	<u>(20,794)</u>	<u>(19,466)</u>
	<u>116,479</u>	<u>156,025</u>

Notes to the Condensed Consolidated Financial Information

7 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative and other operating expenses are analysed as follows:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Depreciation charge of property, plant and equipment	383,525	385,981
Depreciation charge of rights-of-use assets	21,583	19,407
Employee benefit expenses (including directors' emoluments)	197,496	182,204
Cost of inventories sold	1,882,524	1,864,141
Construction contracts costs	21,267	37,814
Impairment losses on trade receivables	—	485
Transportation costs and other selling expenses	123,967	112,389
Research and development expenditures	79,959	104,090
Other expenses	68,258	64,239
	<u>2,778,579</u>	<u>2,770,750</u>

Notes to the Condensed Consolidated Financial Information

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current income tax		
Hong Kong profits tax (Note (a))	87	178
PRC corporate income tax ("CIT") (Note (b))	214,851	125,168
Overseas income tax (Note (c))	947	111
	<u>215,885</u>	<u>125,457</u>
Deferred income tax (Note (d))	9,373	(33,918)
	<u>225,258</u>	<u>91,539</u>

Notes:

- (a) Hong Kong profits tax has been provided at the two-tiered rate of 8.25% for the first HK\$2 million of the estimated assessable profits for a subsidiary of the Group in Hong Kong and 16.5% on the remaining estimated assessable profits for the period (2019:same).
- (b) CIT is provided on the estimated taxable profits of the subsidiaries established in the PRC for the period, calculated in accordance with the relevant tax rules and regulations. The applicable CIT rate for Xinyi PV Products (Anhui) Holdings Limited, a subsidiary established in the PRC, was 15% (2019: 15%) for the period as it enjoyed high-tech enterprise income tax benefit. Solar farm companies of the Group in the PRC enjoyed tax holiday and the profits are fully exempted from CIT for the three years starting from its first year of revenue generation, followed by 50% reduction in CIT in next three years. However, the government grants and insurance claims received during the period are subject to the CIT with the statutory income tax rate of 25%.
- (c) Taxation on overseas profits mainly include Malaysia income tax which has been calculated on the estimated assessable profits for the period at the standard Malaysia corporate income tax rates of 24% (2019: 24%). Subsidiary of the Group in Malaysia is entitled to investment tax allowance on its qualifying capital expenditure incurred during the eligible period to be utilised against its assessable profit.
- (d) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Notes to the Condensed Consolidated Financial Information

9 EARNINGS PER SHARE

(a) Basic

The 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.

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	1,406,467	952,716
Weighted average number of ordinary shares in issue (thousands)	8,085,611	7,893,168
Basic earnings per share (HK cents)	<u>17.39</u>	<u>12.07</u>

(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. The Company has dilutive potential ordinary shares from 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.

Notes to the Condensed Consolidated Financial Information

9 EARNINGS PER SHARE (Continued)

(b) Diluted (Continued)

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	<u>1,406,467</u>	<u>952,716</u>
Weighted average number of ordinary shares in issue (thousands)	8,085,611	7,893,168
Adjustments for share options (thousands)	<u>5,083</u>	<u>1,621</u>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>8,090,694</u>	<u>7,894,789</u>
Diluted earnings per share (HK cents)	<u>17.38</u>	<u>12.07</u>

10 DIVIDENDS

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Final dividend for 2019 of 8.5 HK cents (2018: 4.2 HK cents) per share	687,029	337,989
Interim dividend declared of 8.5 HK cents (2019: 5.5 HK cents) per share	<u>694,067</u>	<u>443,183</u>

10 DIVIDENDS (Continued)

At a meeting of the Board held on 3 August 2020, the Directors resolved to declare an interim dividend of 8.5 HK cents per share for the six months ended 30 June 2020. The amount of 2020 interim dividend is based on 8,165,491,163 shares in issue as at 31 July 2020. This interim dividend is not reflected as a dividend payable in this unaudited condensed consolidated financial information, but will be deducted from the retained earnings of the Company in the year ending 31 December 2020.

Shareholder will be given an option to receive the 2020 interim dividend in cash or wholly or partly in new and fully paid shares of the Company in lieu of cash by scrip dividend (the “**Scrip Dividend Scheme**”). The Scrip Dividend Scheme is subject to the Stock Exchange granting the listing of and permission to deal in the shares to be allotted and issued under the Scrip Dividend Scheme.

For the purpose of calculating the number of the scrip shares (the “**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 18 August 2020 until 24 August 2020 (both days inclusive) rounded down to two decimal places. Further details of the Scrip Dividend Scheme were disclosed in the Company’s announcement dated 25 August 2020 and circular dated 28 August 2020.

Notes to the Condensed Consolidated Financial Information

11 PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June 2020 (Unaudited)						Total HK\$'000
	Freehold Land	Buildings	Plant and machinery	Solar Farms	Office Equipment	Construction in progress	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Net book amount at 1 January	202,287	1,149,160	3,598,030	11,227,175	6,490	527,826	16,710,968
Additions	—	11	24,538	5,647	815	777,637	808,648
Transfer	—	—	16,390	284,611	—	(301,001)	—
Acquisition of subsidiaries (Note 19)	—	—	217	65,167	—	134,107	199,491
Disposals	—	—	(105)	—	—	—	(105)
Depreciation charge	—	(18,878)	(145,700)	(229,836)	(881)	—	(395,295)
Currency translation differences	(9,588)	(33,600)	(91,728)	(196,575)	(166)	(14,238)	(345,895)
Net book amount at 30 June	<u>192,699</u>	<u>1,096,693</u>	<u>3,401,642</u>	<u>11,156,189</u>	<u>6,258</u>	<u>1,124,331</u>	<u>16,977,812</u>

12 RIGHT-OF-USE ASSETS

	Six months ended 30 June 2020 HK\$'000 (Unaudited)
Net book amount at 1 January	1,249,116
Additions	67,199
Acquisition of subsidiaries (Note 19)	38,640
Depreciation charge	(21,583)
Currency translation differences	(23,878)
Net book amount at 30 June	<u>1,309,494</u>

Notes to the Condensed Consolidated Financial Information

13 INTERESTS IN A JOINT VENTURE

	Six months ended 30 June 2020 HK\$'000 (Unaudited)
At 1 January	334,860
Share of profits	18,632
Currency translation differences	(6,333)
Repayment from a joint venture	(9,461)
	<hr/>
At 30 June	<u>337,698</u>

14 TRADE AND BILLS RECEIVABLES

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade receivables	5,074,678	4,257,049
Less: Provision for impairment of trade receivables	<u>(14,387)</u>	<u>(14,657)</u>
Trade receivables, net	5,060,291	4,242,392
Bills receivables	<u>1,225,490</u>	<u>1,194,111</u>
	<u>6,285,781</u>	<u>5,436,503</u>

Notes to the Condensed Consolidated Financial Information

14 TRADE AND BILLS RECEIVABLES (Continued)

Breakdown of trade receivables by segment is as follows:

	Solar glass HK\$'000	Solar farm business HK\$'000	EPC services HK\$'000	Total HK\$'000
At 30 June 2020 (Unaudited)				
Sales of solar glass	1,344,108	—	—	1,344,108
Sales of electricity	—	119,060	—	119,060
Tariff adjustment	—	3,524,677	—	3,524,677
EPC service revenue	—	—	86,833	86,833
Total	1,344,108	3,643,737	86,833	5,074,678
At 31 December 2019 (Audited)				
Sales of solar glass	1,156,796	—	—	1,156,796
Sales of electricity	—	94,677	—	94,677
Tariff adjustment	—	2,862,525	—	2,862,525
EPC service revenue	—	—	143,051	143,051
Total	1,156,796	2,957,202	143,051	4,257,049

Notes to the Condensed Consolidated Financial Information

14 TRADE AND BILLS RECEIVABLES (Continued)

The ageing analysis of the trade receivables based on invoice date is as follows:

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
0 - 90 days	4,896,661	4,124,075
91 - 180 days	73,274	49,027
181 - 365 days	59,676	52,631
1 - 2 years	42,348	13,727
Over 2 years	2,719	17,589
	<u>5,074,678</u>	<u>4,257,049</u>

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

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
0 - 90 days	542,578	383,191
91 - 180 days	277,712	483,518
181 - 365 days	779,777	674,521
1 - 2 years	1,488,678	1,152,600
Over 2 years	554,992	263,372
	<u>3,643,737</u>	<u>2,957,202</u>

Notes to the Condensed Consolidated Financial Information

14 TRADE AND BILLS RECEIVABLES (Continued)

The maturity of the bills receivables is within 1 year.

The credit terms granted by the Group to its customers in respect of sales of solar glass are generally from 30 to 90 days.

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

Construction contracts revenue from EPC services is normally settled by instalments in accordance with the terms specified in the contracts governing the relevant EPC works. The payment terms of EPC contract is considered on a case-by-case basis and set out in the EPC contract.

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Prepayments	786,903	715,231
Deposits and other receivables	139,928	139,417
Other tax receivables (Note)	739,053	812,062
	<u>1,665,884</u>	<u>1,666,710</u>
Less: Non-current portion of prepayments for property, plant and equipment and land use rights	<u>(404,638)</u>	<u>(319,143)</u>
Current portion	<u>1,261,246</u>	<u>1,347,567</u>

Note: Other tax receivables mainly represent value added tax recoverable.

Notes to the Condensed Consolidated Financial Information

16 TRADE AND OTHER PAYABLES

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade payables	467,788	533,472
Retention payables for EPC services	<u>2,633</u>	<u>2,629</u>
Trade payables and retention payables for EPC services	470,421	536,101
Bills payable	<u>462,074</u>	<u>140,435</u>
Trade, retention and bills payables	932,495	676,536
Accruals and other payables	<u>1,575,615</u>	<u>1,601,242</u>
	2,508,110	2,277,778
Less: Non-current portion of retention payables for construction of solar farms	<u>(63,853)</u>	<u>(57,337)</u>
Current portion	<u>2,444,257</u>	<u>2,220,441</u>

Notes to the Condensed Consolidated Financial Information

16 TRADE AND OTHER PAYABLES (Continued)

The ageing analysis of the trade payables and retention payables for EPC services based on invoice date is as follows:

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
0 - 90 days	319,298	413,328
91 - 180 days	13,675	15,117
181 - 365 days	79,950	87,892
Over 1 year	57,498	19,764
	<u>470,421</u>	<u>536,101</u>

The maturity of the bills payables is within 6 months.

Notes to the Condensed Consolidated Financial Information

17 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares (thousands)	Ordinary shares of HK\$ 0.1 each HK\$'000	Share premium HK\$'000	Total HK\$'000
Issued and fully paid:				
At 1 January 2020	8,081,863	808,186	2,956,278	3,764,464
Issuance of shares				
– Under employees' share option scheme	4,868	487	15,112	15,599
– In respect of scrip dividend of 2019 final dividend	78,408	7,841	410,856	418,697
Dividend relating to 2019	—	—	(687,029)	(687,029)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2020	<u>8,165,139</u>	<u>816,514</u>	<u>2,695,217</u>	<u>3,511,731</u>

Notes to the Condensed Consolidated Financial Information

18 BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Repayable on demand and within 1 year	3,417,163	2,803,618
Between 1 and 2 years	2,674,713	2,985,701
Between 2 and 5 years	1,585,346	893,826
	<u>7,677,222</u>	<u>6,683,145</u>
Less: Non-current portion	<u>(4,260,059)</u>	<u>(3,879,527)</u>
Current portion	<u>3,417,163</u>	<u>2,803,618</u>

As at 30 June 2020, bank borrowings of HK\$615,000,000 (2019: HK\$350,000,000) contained repayment on demand clause and were classified as current liabilities.

As at 30 June 2020, all bank borrowings bore floating interest rates. These bank borrowings are repayable by installments up to year 2023 (2019: year 2022). The carrying amounts of the Group's bank borrowings are denominated in HK\$ and approximate their fair values as at 30 June 2020. The effective interest rates per annum at reporting date were as follows:

	As at	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Bank borrowings	<u>1.80%</u>	<u>4.15%</u>

The bank borrowings were secured by corporate guarantee provided by the Company and its subsidiaries.

Notes to the Condensed Consolidated Financial Information

19 BUSINESS COMBINATION

To speed up its development pace and build up a more diversified solar farm investment portfolio, the Group acquired 100% equity interest of three project companies which own solar farms with aggregate approved grid-connected capacity of approximately 190MW in the PRC at a cash consideration of RMB1,600,000 (equivalent to approximately HK\$1,752,000) from independent third parties. In relation to the projects with aggregate capacity of 170MW, the Group has provided financial support and involved in the overall planning and coordination of the construction work. Details of the business combination are as follows:

Name of the company	Month of acquisition in 2020	Equity interest acquired	Location	Approved grid-connection capacity of the solar farm MW
Wuwei Rihao Renewable Energy Limited	April	100%	Anhui	20
Qingyang Hewu New Energy Technology Company Limited	June	100%	Anhui	70
Zaoqiang County Fraser New Energy Company Limited	June	100%	Hebei	100

The above business combinations are individually immaterial to the Group. The following table summarises the aggregate information of the consideration paid, the provisional fair value of identifiable assets acquired and liabilities assumed at the acquisition date.

Notes to the Condensed Consolidated Financial Information

19 BUSINESS COMBINATION (Continued)

	HK\$'000 (Unaudited)
Purchases consideration	
Cash consideration	<u>1,752</u>
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	199,491
Right-of-use assets	38,640
Deferred income tax assets	74
Trade and other receivables and prepayments	27,235
Cash and cash equivalents	917
Lease liabilities	(35,160)
Other payables and accruals	<u>(231,192)</u>
Total identifiable net assets	5
Goodwill	<u>1,747</u>
	<u>1,752</u>
Net cash inflow arising from the acquisitions	
Cash and cash equivalents acquired	917
Less: Cash consideration paid	<u>(108)</u>
	<u>809</u>

Notes to the Condensed Consolidated Financial Information

19 BUSINESS COMBINATION (Continued)

Notes:

(a) Revenue and profits contribution

The revenue and the profits included in the condensed consolidated income statement since the respective acquisition dates contributed by the acquired businesses amounted to HK\$2,847,000 and HK\$1,091,000 respectively.

If the acquisition had occurred on 1 January 2020, the condensed consolidated income statement would show pro-forma revenue and profit of approximately HK\$4,625,022,000 and HK\$1,407,442,000 respectively.

(b) Acquired receivables

The fair values of trade and other receivables and prepayments acquired were HK\$27,235,000 and included trade and tariff adjustment receivables with fair values of approximately HK\$555,000. The gross contractual amount of these trade receivables due in aggregate was approximately HK\$555,000.

(c) Goodwill

The Group recognised goodwill of approximately HK\$1,747,000 in the condensed consolidated balance sheet in connection with the acquisition. The goodwill from the acquisition was calculated based on the total consideration less the fair value of total identifiable net assets acquired. The goodwill is attributable to the synergies expected to arise after the acquisition because of the close proximity of these projects to other solar farms currently operated by the Group as well as the saving of certain administrative and operating costs. The goodwill will not be deductible for tax purposes.

Notes to the Condensed Consolidated Financial Information

20 RELATED PARTY TRANSACTIONS

(a) Significant Related Party Transactions

Material related party transactions during the period are as follows:

		Six months ended 30 June	
Note	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	
Purchases of machineries from:			
– A subsidiary of Xinyi Group (Glass) Company Limited*	i, iii	26,713	36,579
Purchases of glass products from:			
– Subsidiaries of Xinyi Group (Glass) Company Limited*	i, iv	7,297	46,833
Management fee paid to a non-wholly owned subsidiary:			
– Xinyi Energy Technology (Wuhu) Limited^	i, vi	4,214	813
Purchase of consumables from:			
– Subsidiaries of Xinyi Group (Glass) Company Limited*	ii, v	2,976	—
Processing charges of raw materials paid to:			
– A subsidiary of Xinyi Group (Glass) Company Limited*	ii, v	1,739	—
Maintenance and service charges received from:			
– A subsidiary of Xinyi Group (Glass) Company Limited*	ii, v	1,294	630

Notes to the Condensed Consolidated Financial Information

20 RELATED PARTY TRANSACTIONS (Continued)

(a) Significant Related Party Transactions (Continued)

		Six months ended 30 June	
		2020	2019
Note		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Sales of glass products to:			
	– Subsidiaries of Xinyi Group (Glass) Company Limited*		
ii, v		<u>1,082</u>	<u>1,041</u>
Purchases of and processing of battery pack, chargers and lithium battery energy storage facilities:			
	– An entity controlled by a controlling party#		
ii, v		<u>860</u>	<u>832</u>
Sales of other goods to:			
	– An entity controlled by a controlling party#		
ii, v		<u>677</u>	<u>610</u>
	– Subsidiaries of Xinyi Group (Glass) Company Limited*		
		<u>—</u>	<u>967</u>
		<u>677</u>	<u>1,577</u>

Notes to the Condensed Consolidated Financial Information

20 RELATED PARTY TRANSACTIONS (Continued)

(a) Significant Related Party Transactions (Continued)

		Six months ended 30 June	
		2020	2019
Note		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Rental income received from:			
	– A subsidiary of Xinyi Group (Glass) Company Limited*		
ii, v		<u>509</u>	<u>534</u>
Consultancy fee paid to:			
	– A subsidiary of Xinyi Group (Glass) Company Limited*		
ii, v		<u>430</u>	<u>427</u>
Acquisition of right-of-use assets from:			
	– Subsidiaries of Xinyi Group (Glass) Company Limited*		
ii, v		<u>—</u>	<u>13,988</u>
EPC service income received from:			
	– A subsidiary of Xinyi Group (Glass) Company Limited*		
ii, v		<u>—</u>	<u>216</u>

* Xinyi Group (Glass) Company Limited held 24.4% interest in the issued share capital of the Company as at 30 June 2020.

The entity is a subsidiary of Xinyi Automobile Glass Hong Kong Enterprises Limited, a company with its issued share capital owned as to more than 30% in aggregate by the various directors of the Company, namely Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*, Mr. LI Man Yin and their respective associates.

^ A connected subsidiary of the Company.

Notes to the Condensed Consolidated Financial Information

20 RELATED PARTY TRANSACTIONS (Continued)

(a) Significant Related Party Transactions (Continued)

Notes:

- (i) The transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (ii) 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.
- (iii) The purchases of machineries were charged at considerations based on mutually agreed terms. Details of the transactions were disclosed in the Company's announcement dated 19 December 2019.
- (iv) The purchases of glass products were charged at mutually agreed prices and terms. Details of the transactions were disclosed in the Company's announcement dated 19 December 2019.
- (v) The transactions were conducted at mutually agreed prices and terms.
- (vi) The management fee was charged in accordance with the solar farm operation and management agreement dated 5 December 2018. For further details, please refer to the Company's announcements dated 2 November 2018 and 15 May 2019 and the Company's circular dated 2 November 2018 and 15 May 2019.
- (vii) Approximately 3,600 square meter office areas and a car park in Hong Kong is provided by Cheer Wise Investments Limited, an associate owned as to 40% by the Company, for the Group's occupation during the period without consideration paid.

Notes to the Condensed Consolidated Financial Information

20 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with Related Parties

	As at	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Amounts due to related companies		
– Wuhu Jinsanshi Numerical Control Technology Company Limited	68,749	80,604
– Xinyi Energy Smart (Malaysia) Sdn Bhd	2,084	9,313
– Xinyi Ultra-clear Photovoltaic Glass (Dongguan) Company Limited	324	330
– Auhui Xinyi Power Source Company Limited	427	413
– Xinyi Glass Japan Company Limited	72	72
– Xinyi Automobile Parts (Tianjin) Company Limited	166	—
– Xinyi Glass Engineering (Dongguan) Company Limited	362	—
– Xinyi Glass (Guangxi) Company Limited	1,979	—
– Xinyi Glass (Tianjin) Company Limited	4	—
– Xinyi Automobile Glass (Shenzhen) Company Limited	1,850	—
	<u>76,017</u>	<u>90,732</u>
Amount due from a joint venture		
– Xinyi Solar (Lu'an) Company Limited	—	5,630
	<u>—</u>	<u>5,630</u>

Key management compensation amounted to HK\$15,097,000 for the six month ended 30 June 2020 (2019: HK\$16,552,000).

Interim Dividend and Closure of Register of Members

The Board has resolved to declare an interim dividend of 8.5 HK cents per share for 1H2020 (1H2019: 5.5 HK cents) to be paid to all shareholders (the “Shareholders”) of the Company with their names recorded on the register of members of the Company at the close of business on Monday, 24 August 2020. The interim dividend is expected to be payable on Wednesday, 23 September 2020. The Company’s register of members was closed from Thursday, 20 August 2020 to Monday, 24 August 2020 (both days inclusive), and during such period no transfer of Shares was 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 not later than 4:30 p.m. on Wednesday, 19 August 2020.

Shareholders would be given an option to receive the 2020 interim dividend in cash or wholly or partly in new and fully paid shares of the Company in lieu of cash by the Scrip Dividend Scheme. The Scrip Dividend Scheme is subject to The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the shares to be allotted and issued under the Scrip Dividend Scheme.

For the purpose of calculating the number of the 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 Tuesday, 18 August 2020 until Monday, 24 August 2020 (both days inclusive) rounded down to two decimal places. Further details of the Scrip Dividend Scheme can be referred to the Company’s announcement dated 25 August 2020 and circular dated 28 August 2020.

Further Information on the Group

Purchase, Sale or Redemption of the Company's Listed Shares

For 1H2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Compliance with the Code on Corporate Governance Practices

In the opinion of the Directors, the Company has complied with the applicable Code Provisions in the Corporate Governance Code as set forth in Appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during 1H2020.

Model Code for Securities Transactions

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set forth in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors. The Company has made specific enquiry with the Directors and all Directors have confirmed that they complied with the Model Code during 1H2020.

Changes in Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in directors' information are as follows:-

Dr. LEE Yin Yee, B.B.S., the Chairman and executive director of the Company, was resigned as non-executive director and chairman of the board, and chairman of the nomination committee and a member of the remuneration committee of the board of Xinyi Energy Holdings Limited (stock code: 03868) on 4 August 2020.

Mr. LEE Shing Put, B.B.S., non-executive director of the Company, was appointed as executive director and chairman of the board, and chairman of the nomination committee and a member of the remuneration committee of the board of Xinyi Energy Holdings Limited (stock code: 03868) on 4 August 2020.

Share Option Scheme

(a) Share option scheme of the Company

In June 2014, the Company adopted a share option scheme (the "Share Option Scheme"). The following table sets forth movements in the share options of the Company for 1H2020:

Executive director - Mr. CHEN Xi	Grant date	Exercise price (HK\$)	Price of the Company's shares immediately before the grant date (HK\$)	Vesting period	Exercise period	At 11/2020		Number of share options			At 30/06/2020	
						At	11/2020	Granted	Exercised	Lapsed	Cancelled	At
Continuous contract employees	31/03/2017	2.48 ⁽¹⁾	2.50	31/03/2017-31/12/2019	1/4/2020-31/03/2021	377,559	—	—	(200,000) ⁽²⁾	—	—	177,559
	29/03/2018	3.18	3.17	29/03/2018-31/12/2020	1/4/2021-31/03/2022	375,000	—	—	—	—	—	375,000
	28/03/2019	3.76	3.72	28/03/2019-31/12/2021	1/4/2022-31/03/2023	375,000	—	—	—	—	—	375,000
	31/03/2020	4.39	4.39	31/03/2020-31/12/2022	1/4/2023-31/03/2024	—	375,000	—	—	—	—	375,000
	23/03/2016	2.78 ⁽¹⁾	2.87	23/03/2016-31/12/2018	1/4/2019-31/03/2020	158,955	—	—	(158,744) ⁽³⁾	(211)	—	—
	31/03/2017	2.48 ⁽¹⁾	2.50	31/03/2017-31/12/2019	1/4/2020-31/03/2021	5,585,284	—	—	(4,509,741) ⁽⁴⁾	(2,149)	—	1,053,394
	29/03/2018	3.18	3.20	29/03/2018-31/12/2020	1/4/2021-31/03/2022	7,076,000	—	—	—	(149,500)	—	6,926,500
	28/03/2019	3.76	3.75	28/03/2019-31/12/2021	1/4/2022-31/03/2023	8,225,000	—	—	—	(161,500)	—	8,063,500
	31/03/2020	4.39	4.36	31/03/2020-31/12/2022	1/4/2023-31/03/2024	—	8,214,000	—	—	(4,000)	—	8,210,000
						Total	22,172,798	8,589,000	(4,868,485)	(337,360)	—	—

Further Information on the Group

Notes:

- (1) Adjusted in June 2017 upon the completion date of the rights issue of the Company. The adjustments were made in accordance with the terms of the Share Option Scheme and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under Rule 17.03(13) of the Listing Rules.
- (2) The closing price of shares immediately before the date on which the options were exercised was HK\$6.85.
- (3) The weighted average closing price of shares immediately before the dates on which the options were exercised was HK\$5.71.
- (4) The weighted average closing price of shares immediately before the dates on which the options were exercised was HK\$6.34.

For 1H2020, 8,589,000 shares options were granted. The fair value of the equity-settled share options granted under the Share Option Scheme during 1H2020 was estimated at HK\$8,756,000. The fair value of the share options granted to the Director and eligible employees of the Group were HK\$382,000 and HK\$8,374,000, respectively. The value of the share options granted during 1H2020 is to be expensed through the Group's income statement over the three-year vesting period of the options.

The fair value of share options granted by the Company during 1H2020 was 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\$)	4.39
Exercise price (HK\$)	4.39
Volatility (%)	39.76
Dividend yield (%)	3.19
Expected share option life (years)	3.50
Annual risk-free interest rate (%)	0.60

Further Information on the Group

(b) Share option scheme of a subsidiary

Xinyi Energy Holdings Limited (“Xinyi Energy”), a non-wholly owned subsidiary of the Company, adopted a share option scheme (the “XYE Share Option Scheme”) in November 2018. The following table sets forth movements in the share options of Xinyi Energy (“XYE Share Options”) for 1H2020:

	Grant date	Exercise price (HK\$)	Price of the XYE shares immediately before the grant date (HK\$)	Vesting period	Exercisable period	At 1/1/2020	Granted	Exercised	Cancelled	Lapsed	At 30/06/2020
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
Continuous contract employees	31/3/2020	2.18	2.08	31/3/2020-31/12/2022	1/4/2023-31/3/2024	—	1,452,500	—	—	(59,000)	1,393,500
					Total	—	1,902,500	—	—	(59,000)	1,843,500

For 1H2020, 1,902,500 XYE Shares Options were granted. The fair value of the equity-settled XYE Share Options granted under the XYE Share Option Scheme during 1H2020 was estimated at HK\$741,000. The fair value of the XYE Shares Options granted to a director and eligible employees of Xinyi Energy were HK\$175,000 and HK\$566,000, respectively.

Further Information on the Group

The value of the XYE Share Options granted during 1H2020 is to be expensed through the income statement of Xinyi Energy over the three-year vesting period of XYE Share Options.

The fair value of XYE Share Options granted during 1H2020 was 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 XYE 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\$)	2.12
Exercise price (HK\$)	2.18
Volatility (%)	41.47
Dividend yield (%)	6.37
Expected share option life (years)	3.50
Annual risk-free interest rate (%)	0.60

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2020, 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:

Further Information on the Group

The Company and Associated Corporations

(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
Dr. LEE Yin Yee, B.B.S.	Interest in a controlled corporation ⁽¹⁾	Realbest (as defined below)	842,209,970	10.315%
	Interest in persons acting in concert ⁽²⁾		1,421,865,177	17.414%
Tan Sri Datuk TUNG Ching Sai <i>P.S.M.</i> <i>D.M.S.M.</i>	Interest in a controlled corporation ⁽³⁾	Copark (as defined below)	200,094,300	2.451%
	Personal interest ⁽³⁾		15,754,717	0.193%
	Family interest ⁽³⁾		16,118,447	0.197%
	Interest in persons acting in concert ⁽²⁾		2,032,107,683	24.888%
Mr. LI Man Yin	Interest in a controlled corporation ⁽⁴⁾	Perfect All (as defined below)	89,394,968	1.095%
	Personal interest ⁽⁴⁾		3,325,490	0.041%
	Family interest ⁽⁴⁾		2,240,549	0.027%
	Interest in persons acting in concert ⁽²⁾		2,169,114,140	26.566%
Mr. LEE Yau Ching	Interest in a controlled corporation ⁽⁵⁾	Telerich (as defined below)	295,780,869	3.622%
Mr. CHEN Xi	Family interest ⁽⁶⁾		230,476	0.003%

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 ("**Realbest**") which in turn is the registered owner of 842,209,970 shares.
- (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 *P.S.M, D.M.S.M*, 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 Shares allotted to them under a conditional distribution in specie, by way of special interim dividend declared on 19 November 2013.
- (3) Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* is the beneficial owner of the entire issued share capital of Copark Investment Limited ("**Copark**") which is the registered owner of 200,094,300 shares. Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* also has 15,754,717 shares held in his own name and 16,118,447 shares through his spouse, Puan Sri Datin SZE Tan Hung.
- (4) Mr. LI Man Yin is the beneficial owner of the entire issued share capital of Perfect All Investments Limited ("**Perfect All**") which is the registered owner of 89,394,968 shares. Mr. LI Man Yin also has 3,325,490 shares in his own name and 2,240,549 shares through his spouse, Madam LI Sau Suet.
- (5) Mr. LEE Yau Ching is one of the two directors of Telerich Investment Limited ("**Telerich**"), a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din, the father of Mr. LEE Yau Ching. Telerich is the registered owner of 295,780,869 shares.
- (6) Mr. CHEN Xi has 230,476 shares held through his spouse, Madam MAO Ke.

Further Information on the Group

(ii) Share options of the Company

As at 30 June 2020, there were a total of 1,302,559 outstanding share options of the Company granted to an executive Director of the Company under the Share Option Scheme of the Company. Details of which are summarised as follows:

Date of grant	:	31 March 2020	28 March 2019	29 March 2018	31 March 2017
Number of share options granted	:	375,000	375,000	375,000	375,000
Number of share options outstanding at 30 June 2020	:	375,000	375,000	375,000	177,559 [#]
Exercise period	:	1 April 2023 to 31 March 2024	1 April 2022 to 31 March 2023	1 April 2021 to 31 March 2022	1 April 2020 to 31 March 2021
Exercise price per Share	:	HK\$4.39	HK\$3.76	HK\$3.18	HK\$2.48 [#]
Capacity in which interest is held	:	Beneficial owner	Beneficial owner	Beneficial owner	Beneficial owner
Approximate percentage of the Company's issued share capital at 30 June 2020	:	0.005%	0.005%	0.005%	0.002%

[#] Adjusted in June 2017 upon the completion date of the rights issue of the Company. The adjustments were made in accordance with the terms of the Share Option Scheme of the Company and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under Rule 17.03(13) of the Listing Rules.

Further Information on the Group

(iii) Long positions in an associated corporation

The following table sets forth the interests of the Directors in Xinyi Energy, a non-wholly owned subsidiary of the Company, as at 30 June 2020:

Name of Director	Capacity	Name of the controlled corporations	Number of shares held in Xinyi Energy	Approximate percentage of Xinyi Energy's issued shares
Dr. LEE Yin Yee, B.B.S.	Interest in a controlled corporation ⁽¹⁾	Charm Dazzle (as defined below)	457,957,500	6.782%
	Interest in a controlled corporation ⁽¹⁾	Realbest	82,901,405	1.227%
	Interest in a controlled corporation ⁽²⁾	Full Guang (as defined below)	7,606,019	0.113%
	Joint interest ⁽¹⁾		3,575,733	0.053%
	Family interest ⁽¹⁾		4,337,354	0.064%
	Interest in persons acting in concert ⁽³⁾		909,783,718	13.473%
Tan Sri Datuk TUNG Ching Sai <i>P.S.M.</i> <i>D.M.S.M.</i>	Interest in a controlled corporation ⁽⁴⁾	Sharp Elite (as defined below)	187,687,500	2.780%
	Interest in a controlled corporation ⁽⁴⁾	Copark	29,803,255	0.441%
	Family interest ⁽⁴⁾		14,544,041	0.215%
	Interest in persons acting in concert ⁽³⁾		1,234,126,933	18.276%
Mr. LI Man Yin	Interest in a controlled corporation ⁽⁵⁾	Will Sail (as defined below)	45,045,000	0.667%
	Interest in a controlled corporation ⁽⁵⁾	Perfect All	9,139,496	0.135%
	Personal interest ⁽⁵⁾		394,278	0.006%
	Family interest ⁽⁵⁾		162,325	0.002%
	Interest in persons acting in concert ⁽³⁾		1,411,420,630	20.902%

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 Charm Dazzle Limited (“**Charm Dazzle**”) and Realbest which are the registered owner of 457,957,500 and 82,901,405 shares of Xinyi Energy (“**XYE shares**”) respectively. Dr. LEE Yin Yee, B.B.S. also has 3,575,733 XYE shares through a joint account with and 4,337,354 XYE shares through his spouse, Madam TUNG Hai Chi.
- (2) The interest in the XYE 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 *P.S.M, D.M.S.M* 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 *P.S.M, D.M.S.M*, 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 the XYE shares they received pursuant to the equity investment agreement dated 18 October 2015 and the capitalisation issue on 21 May 2018.
- (4) Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* is the beneficial owner of the entire issued share capital of Sharp Elite Holdings Limited (“**Sharp Elite**”) and Copark which are the registered owner of 187,687,500 and 29,803,255 XYE shares of Xinyi Energy respectively. Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* is also deemed to be interested in 14,544,041 XYE Shares directly held by his spouse, Puan Sri Datin SZE Tan Hung.
- (5) Mr. LI Man Yin is the beneficial owner of the entire issued share capital of Will Sail Limited (“**Will Sail**”) and Perfect All which are the registered owner of 45,045,000 and 9,139,496 XYE shares respectively. Mr. LI Man Yin also has 394,278 XYE shares in his own name and is also deemed to be interested in 162,325 XYE shares directly held by his spouse, Madam LI Sau Suet.

Save as disclosed above, as at 30 June 2020, 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 or 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 Position in the Share Capital of the Company

As at 30 June 2020, 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:

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	1,993,641,041	24.416%
Xinyi Automobile Glass (BVI) Company Limited	Interest in a controlled corporation	1,993,641,041	24.416%
Xinyi Glass Holdings Limited	Beneficial owner	823	0.00001%
	Interest in a controlled corporation	1,993,641,041	24.416%
Mr. TUNG Ching Bor	Interest in a controlled corporation ⁽¹⁾	304,950,673	3.735%
	Joint interest ⁽¹⁾	19,265,333	0.236%
	Interest in persons acting in concert ⁽²⁾	1,939,859,141	23.758%
Mr. LEE Sing Din	Interest in a controlled corporation ⁽³⁾	295,780,869	3.622%
	Personal interest ⁽³⁾	2,351,245	0.029%
	Joint interest ⁽³⁾	34,229,035	0.419%
	Interest in persons acting in concert ⁽²⁾	1,931,713,998	23.658%

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. LI Ching Wai	Interest in a controlled corporation ⁽⁴⁾	129,267,932	1.583%
	Personal interest	2,000,000	0.024%
	Interest in persons acting in concert ⁽²⁾	2,132,807,215	26.121%
Mr. SZE Nang Sze	Interest in a controlled corporation ⁽⁵⁾	120,507,840	1.476%
	Personal interest	2,510,329	0.031%
	Interest in persons acting in concert ⁽²⁾	2,141,056,978	26.222%
Mr. NG Ngan Ho	Interest in a controlled corporation ⁽⁶⁾	87,351,040	1.070%
	Personal interest	2,514,901	0.031%
	Interest in persons acting in concert ⁽²⁾	2,174,209,206	26.628%
Mr. LI Ching Leung	Interest in a controlled corporation ⁽⁷⁾	85,997,706	1.053%
	Personal interest ⁽⁷⁾	7,752,549	0.095%
	Family interest ⁽⁷⁾	457,254	0.006%
	Interest in persons acting in concert ⁽²⁾	2,169,867,638	26.575%

Further Information on the Group

Notes:

- (1) Mr. TUNG Ching Bor's interests in the shares are held through High Park Technology Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor. Mr. TUNG Ching Bor's person interest in the shares is held through a joint account with his spouse, Madam KUNG Sau Wai.
- (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 *P.S.M, D.M.S.M*, 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 Shares allotted to them under a conditional distribution in specie, by way of special interim dividend declared on 19 November 2013.
- (3) Mr. LEE Sing Din's interests in the shares are held through Telerich Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din. Mr. LEE Sing Din also has 2,351,245 shares held in his own name and 34,229,035 shares through a joint account with his spouse, Madam LI Kam Ha.
- (4) Mr. LI Ching Wai's interests in the shares are held through Goldbo International Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai.
- (5) Mr. SZE Nang Sze's interests in the shares are held through Goldpine Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.
- (6) Mr. NG Ngan Ho's interests in the shares are held through Linkall Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. NG Ngan Ho.
- (7) Mr. LI Ching Leung's interests in the shares are held through Herosmart Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung also has 7,752,549 shares held in his own name and 457,254 shares through his spouse, Madam DY Maria Lumin.

Further Information on the Group

Persons who have an Interest or Short Position which is Discloseable Under Divisions 2 and 3 of Part XV of the SFO and Substantial Shareholders

So far as is known to the Directors and the chief executive, as at 30 June 2020, the following Directors is a director or employee of the following entities which had, or was deemed to have, interests or short positions in the Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Directors	Name of companies which had such discloseable interest or short positions	Position within such companies
Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M</i>	Xinyi Group (Glass) Company Limited	Director
Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M</i>	Xinyi Automobile Glass (BVI) Company Limited	Director
Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M</i>	Xinyi Glass Holdings Limited	Director
Dr. LEE Yin Yee, B.B.S.	Realbest Investment Limited	Director
Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M</i>	Copark Investment Limited	Director
Mr. LI Man Yin	Perfect All Investments Limited	Director
Mr. LEE Yau Ching	Telerich Investment Limited	Director

Further Information on the Group

Save as disclosed above, the Directors are not aware of any persons who were directly or indirectly interested in 10% or more of the shares then in issue, or equity interest in any member of the Group representing 10% or more of the equity interest in such company, or who had any interests or short positions in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30 June 2020.

Review of the Interim Results

The Company's interim results for 1H2020 have not been audited but have been reviewed by the Company's audit committee, comprising the three independent non-executive Directors, namely Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin.

EXECUTIVE DIRECTORS

Dr. LEE Yin, Yee, B.B.S. (*Chairman*) ø~

Mr. LEE Yau Ching

(*Chief Executive Officer*)

Mr. LI Man Yin

Mr. CHEN Xi

NON-EXECUTIVE DIRECTORS

Tan Sri Datuk TUNG Ching Sai *P.S.M.*,

D.M.S.M (*Vice Chairman*) ø<

Mr. LEE Shing Put, B.B.S.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHENG Kwok Kin, Paul *ø<

Mr. LO Wan Sing, Vincent #+ <

Mr. KAN E-ting, Martin #ø<

* Chairman of audit committee

Members of audit committee

+ Chairman of remuneration committee

ø Members of remuneration committee

~ Chairman of nomination committee

< Members of nomination committee

COMPANY SECRETARY

Mr. CHU Charn Fai

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Xinyi PV Glass Industrial Zone

2 Xinyi Road

Wuhu Economic and Technology

Development Zone

Wuhu City, Anhui Province, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2109-2115, 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

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)
Bank of East Asia
China Citic Bank
China Everbright Bank
Chiyu Banking Corporation Ltd.
Citibank, N.A.
DBS Bank
Hang Seng Bank
HSBC
Huishang Bank
Industrial Bank
Malayan Banking Berhad
Nanyang Commercial Bank
OCBC Wing Hang
Sumitomo Mitsui Banking Corporation

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited
Shops 1712-16, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

WEBSITE

<http://www.xinyisolar.com>

SHARE INFORMATION

Place of listing: Main Board of The Stock
Exchange of Hong Kong Limited
Stock Code: 00968
Listing date: 12 December 2013
Board lot: 2,000 ordinary shares
Financial year end: 31 December
Share price as of 30 June 2020: HK\$7.34
Market capitalisation as of 30 June 2020:
Approximately HK\$59.9 billion

KEY DATES

Closure of register of members:
Thursday, 20 August 2020 to
Monday, 24 August 2020
(both days inclusive)

Interim dividend payable date:
Wednesday, 23 September 2020