



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

LEADING GREEN NEW ENERGY

XINYI SOLAR



INTERIM REPORT

2021

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Financial Highlights

	Six months ended 30 June		Year ended 31 December
	2021 (Unaudited)	2020 (Unaudited)	2020 (Audited)
<i>(in HK\$'000)</i>			
Revenue	8,074,911	4,622,918	12,315,829
Profit before income tax	4,018,474	1,837,873	5,758,394
Profit attributable to Company's equity holders	3,072,425	1,406,467	4,560,853
Dividends	1,511,160	694,069	2,191,941
<i>(Number of ordinary shares in '000)</i>			
Weighted average number of shares in issue	8,810,127	8,085,611	8,233,323
<i>(in Hong Kong cents)</i>			
Earnings per share			
– basic	34.87	17.39	55.40
– diluted	34.81	17.38	55.32
Dividends per share	17.0	8.50	25.50

	At 30 June		At 31 December
	2021 (Unaudited)	2020 (Unaudited)	2020 (Audited)
<i>(in HK\$'000)</i>			
Equity attributable to Company's equity holders	28,367,663	14,937,735	26,521,806

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 2021 (“**1H2021**”).

OVERVIEW

During 1H2021, the Group achieved consolidated revenue of HK\$8,074.9 million, representing a 74.7% increase as compared to the six months ended 30 June 2020 (“**1H2020**”). Profit attributable to equity holders of the Company increased by 118.4% to HK\$3,072.4 million. Basic earnings per share were 34.87 HK cents for 1H2021, compared to 17.39 HK cents in 1H2020. The strong business growth was primarily due to the increase in sales volume of the Group’s solar glass sales for 1H2021 and the higher average selling price (“**ASP**”). Average market prices of the Group’s major solar glass products remained high during the first quarter of 2021 and similar to those in the last quarter of 2020, though such prices have started decreasing during the second quarter of 2021 due to the lower-than-expected downstream demand growth and the increase in industrial supply of solar glass. During 1H2021, the Group has strengthened its efforts in improvements in production efficiency, cost control and product development for maintaining its competitiveness as a leading solar glass manufacturer. All of these efforts amid the cyclical industrial changes enable the Group to record spectacular revenue and profit growth in 1H2021.

BUSINESS REVIEW

Short-term challenges due to supply chain issues

Photovoltaic (“**PV**”) installation costs have dropped significantly in recent years due to the continuous improvements in production technology and efficiency, which has resulted in the use of solar power to be more competitive than the traditional fossil fuels. However, such expected cycle of falling production costs and market prices was reversed in 1H2021 with the rising solar module prices and the uncertainty in delivery and transportation because of the novel coronavirus (“**COVID-19**”) pandemic. The growth momentum of the downstream PV installation was therefore affected during 1H2021.

Chairman's Statement

At the beginning of 2021, the market consensus was that the global PV installations would continue the robust growth as in the fourth quarter of last year. Positive factors included the goal of China to achieve the peak level of emissions by 2030 and carbon neutrality by 2060, the extension of the solar investment tax credit by the government in the United States ("U.S.") and the launch of the green COVID-19 recovery package by the European Union ("EU"). However, the price hikes of solar modules in 1H2021, primarily driven by the continuous increases in the costs of polysilicon and other auxiliary materials, have forced module manufacturers to slowdown production, postpone delivery or renegotiate contracts previously signed at lower prices. The steep increases in solar module prices have reduced the incentive of PV project developers and decelerated the project implementation schedule. In China, only 3.95 gigawatt ("GW") and 9.06GW of PV capacity were installed in the first quarter and second quarter of 2021, respectively, according to the statistics released by the National Energy Administration ("NEA"). Such additions represented a sharp decline of 86.6% and 69.3%, respectively, when compared to the 29.5GW in the last quarter of 2020.

In the overseas market, although the PV installation activities gradually resumed during 1H2021 in different countries, increased freight charges and uncertain lead time in international transportation have created additional challenges to the supply chain of solar modules due to the high concentration of solar module manufacturing in China.

Potential growth amid the green transition

As a well-developed renewable energy technology, solar power will continue to be one of the most viable renewable options in the green transformation of the global electricity sector over the next few decades. Falling costs, supportive government policies and technology advancement are the keys to facilitating fast development of the PV market. The Directors believe that the supply chain issues will eventually be resolved following the re-allocation of the economic interests among the different segments in the solar energy value chain or through capacity expansion.

Although there were delays due to the logistics disruption caused by the lockdown measures implemented by various governments, the global development of the PV market remained resilient during the COVID-19 pandemic. According to the Snapshot of Global PV Markets 2021 issued by the International Energy Agency, PV systems of at least 139.4GW were installed and commissioned globally in the year of 2020, representing an increase of approximately 21% as compared to 2019 (114.9GW). In 2020, according to the same report, at least 20 countries installed more than 1GW, as compared to 18 and 10 countries passing the GW threshold in 2019 and 2018, respectively. The diversification in the PV installation markets means that the industry players are less depending on the incentive regime and the policy support of a single country and facing less demand fluctuations, which are beneficial to the Group's planning on the increase in the solar glass production capacity.

With an increasing number of countries committing to achieve net-zero carbon emissions, industry players generally expect that the pace of global PV installations will increase in the coming years and may achieve higher double-digit annual growth rates than those in the previous years.

Change in demand and supply dynamics triggered substantial drop in solar glass prices

There were approximately 3,650 tonnes/day and 7,930 tonnes/day of new solar glass capacity added during the second half of 2020 ("2H2020") and 1H2021, respectively. With the gradual ramp up of these new capacities, the supply of solar glass increased significantly in 1H2021. On the other hand, hampered by surging module costs, the PV installations were not growing at the same pace as the market forecast. The lower-than-expected downstream demand growth, coupled with the increase in the supply of solar glass, has resulted in price pressure on solar glass starting from around March 2021 and have caused the substantial price decline in the second quarter of 2021. For example, the market price of mainstream 3.2mm solar glass dropped by more than 45% during 1H2021.

Chairman's Statement

The decreases in the average selling prices have inevitably affected the profitability of the Group's solar glass segment, especially in the second quarter of 2021. However, since the selling prices remained high in the first quarter of 2021, the Group's solar glass segment was able to achieve a relatively high gross margin of 51.2% during 1H2021. The adverse impact of the substantial price decreases during the second quarter of 2021 is expected to be reflected in the profitability of this segment during the second half of 2021.

Capacity expansion, product portfolio enhancement and efficiency improvement

The medium and long-term prospects of the solar glass market remain promising amid the global transition to green energy. The price adjustments in the solar glass market in 1H2021 would not be a bad news for the Group, particularly from the perspective of its long-term development, because the adjustments would cause industry players to expand their production scale more rationally, and given the plummeting market prices and the normalised profit margins, some of the expansion plans may be postponed, downsized or even cancelled.

Continuous capacity expansion would not only further strengthen the Group's leading position, but also enable the Group to achieve economies of scale and gain market share. During 1H2021, the Group has put two new solar glass production lines with a daily melting capacity of 1,000 tonnes each in operation. The aggregate melting capacity of solar glass of the Group has been increased to 11,800 tonnes/day as at 30 June 2021.

To mitigate the impact of the price decline and rising material costs, the Group has adopted flexible marketing strategies, optimised its product portfolios to promote the sales of value-added products (thin glass and large-format glass) and implemented solid cost control measures during 1H2021. Through the addition of new solar glass production lines and the upgrade of existing facilities, the Group has further improved its overall efficiency and productivity while keeping the increase in production costs lower than that of raw material and energy prices.

The introduction of large-format PV modules is a key development in solar technology which will further drive down the overall cost. An increasing number of solar module companies have begun mass production of large-format PV panels. As a pioneer in the large-format glass market, the Group is a direct beneficiary of this new trend.

China's grid parity era has arrived

The year of 2021 is the first year in which all newly completed utility-scale and commercial distributed PV generation projects in the People's Republic of China (the "PRC") are operated on a grid parity basis. The year is also the first year of the 14th Five-Year Plan. Against this background, the level of solar installation is expected to enjoy an unprecedented rapid development in the coming years. China deployed around 13.01GW of new PV generation capacity in 1H2021. Due to the rising solar module prices, the growth of the installed capacity was lower than the expected level, but there was still an increase of 12.9%, as compared with 1H2020. The continuous increases in the component costs inevitably limit the short-term growth of the PV installation, but the slowdown in downstream demand will put pressure on the entire solar power value chain to seek further innovation and efficiency improvement, which will drive the installation costs back to a decreasing trend.

In June 2021, the National Development and Reform Commission released a policy document related to 2021 solar on-grid tariffs, clarifying that competitive bidding methods will no longer be used to fix the feed-in-tariff ("FIT") in 2021. Instead, the local coal-fired power generation benchmark prices will be adopted as the feed-in-tariffs for all new utility-scale and commercial distributed generation projects. New projects may voluntarily participate in market-oriented transactions to form on-grid electricity prices to better reflect the "green power value" of PV power generation. This gives a clear and strong incentive to solar farm investment and promotes the accelerated development of the PV power generation industry, ultimately helping China to achieve its goals of reaching carbon emissions peak by 2030 and carbon neutrality by 2060.

Chairman's Statement

The cancellation of subsidies for new PV projects could enhance the stability and predictability of future cash flows from the solar farm projects as well as lower the risks for investors. This could benefit the Group's solar farm development and operation business. In addition, the more market-driven and accelerated downstream installation growth has the potential to benefit the Group's solar glass business.

Steady growth of contributions from solar power electricity generation

The total electricity generated from the Group's solar farm portfolio grew remarkably in 1H2021, primarily due to the new capacity completed or acquired in 2H2020 and 1H2021. Revenue and gross profit increased by 30.1% and 30.8% year-on-year, respectively, during 1H2021. No curtailment issue was encountered by the Group during 1H2021 since its solar farm projects are mostly located in regions with high electricity demand. In light of the surging solar module prices, the Group has slowed the pace of development of some new solar farm projects and postponed their construction work until later in the year. Therefore, no capacity was newly connected to the grid by the Group during 1H2021, with the exception of the acquisition of a solar farm project with a capacity of 80 megawatt ("MW") by Xinyi Energy Holdings Limited ("Xinyi Energy") and its subsidiaries (collectively the "Xinyi Energy Group") from an independent third party.

As at 30 June 2021, the accumulated approved grid-connected capacity of the Group's solar farm projects was 3,550MW, of which 3,384MW was for utility-scale ground-mounted projects and 166MW was for rooftop distributed generation projects (with electricity generated for self-consumption or for sale to the grid). In terms of ownership, solar farm projects with a capacity of 2,164MW were held through Xinyi Energy Group (of which 2,064MW were 50.05% owned and 100MW were 47.55% owned by the Company); solar farm projects with a capacity of 1,286MW were held through wholly-owned subsidiaries; and a solar farm project with a capacity of 100MW was held by a joint venture owned as to 50% by the Group.

As at 30 June 2021, out of the 3,384MW utility-scale ground-mounted projects owned by the Group, solar farms with a capacity of 1,904MW have already been enlisted on the Renewable Energy Power Generation Project List and solar farms with a capacity of 1,120MW are grid parity projects.

BUSINESS OUTLOOK

In 2020, the global solar power generation continued to increase even though there was a decrease in the global use of electricity as a result of the COVID-19 pandemic. This demonstrates the commitment of the governments in different countries to promote the continued investments in PV power projects and more importantly, the increase in the competitiveness of solar energy as compared to fossil fuels.

The future price movements of polysilicon – a key material of solar modules – continue to be the most important consideration in the market in the short term. The increase in the production capacity will result in changes in the supply and will drive the price down. However, due to the increasing downstream demand, the prices of polysilicon are expected to maintain at relatively high levels even though the prices were generally stabilised or even started to decrease in the first month of the second half of 2021.

As for its solar glass business, the Group is expected to continue to face challenging operating environment in the second half of 2021 as the demand growth in downstream market is depending on the movements in the solar module prices and other different factors. The production capacity of solar glass industry is expected to continue to increase. With the substantial decreases in the market prices of the major solar glass products of the Group during the second quarter of 2021, the Directors expect that such impact would be carried forward to the remaining months of 2021. In response to this industry trend, the Group will strive to reduce the adverse effect through better cost controls, improved production technologies and development of new products.

Given the increasing use of bifacial solar modules and larger panels, the Group will continue to expand the thin glass and the large-format glass market so as to maintain its industry leadership and focus on the niche areas in which it enjoys high competitive advantages.

Chairman's Statement

The global trend on de-carbonisation will continue to accelerate the use of solar power in the coming years and hence, it will create additional demand for solar glass. Despite the expected growth in downstream demand in 1H2021 was lower than the expectation, the Group would continue to implement its capacity expansion plan for 2021 by focusing on the construction of four new solar glass production lines with a daily melting capacity of 1,000 tonnes each in Wuhu (Anhui Province). The first three production lines have commenced their trial operation in January, March and July 2021, respectively, and the fourth production line is expected to commence its trial operation in September 2021. In addition to the above, the Group has in its pipeline the construction of another 16 new solar glass production lines (with a daily melting capacity of 1,000 tonnes each), of which four new production lines in Zhangjiagang (Jiangsu Province) and four new production lines in Wuhu (Anhui Province) are expected to be completed in 2022, while the commissioning time for the remaining eight new production lines in Wuhu (Anhui Province) are yet to be determined. The Group will constantly review and adjust its expansion plan in response to the changing market conditions.

Regarding the government industry policy on solar glass capacity in the PRC, the Ministry of Industry and Information Technology released the final policy on 20 July 2021. Pursuant to this policy, solar glass manufacturers who intend to add new capacity will not have to submit any replacement plan, but need to obtain the project construction, technology, energy consumption and environment accreditations by designated national industry associations or agencies. This arrangement has reaffirmed the government's support for the solar energy development and may promote the technological innovation, efficiency improvement and organised expansion of the solar glass industry.

As for the solar farm business, the Group will continue to explore opportunities in different regions of China so as to strengthen its project pipeline. According to data from NEA, solar power electricity generation in 2020 reached 260.5 billion kWh, which accounted for less than 3.5% of the total electricity generated in China. There is significant room for development of solar power in China. Although the implementation schedule of new solar farm projects in the second half of 2021 may still be affected by a number of factors, including the changes in the solar component costs, availability of land resources and grid connection issues, the Group will strive to achieve the annual installation of 600MW before the end of 2021.

After reaching grid parity, the next strategic step to encourage the use of solar power would be to address the inherent limitations on the use of solar energy, such as instability, intermittency and sensitivity to weather changes. Energy storage currently offers a good solution to these issues and could help to improve the level of energy utilisation in the solar power systems. Government policies and continued cost decreases will provide the foundation for the increasing deployment of different types of energy storage systems in the future. The Group will closely monitor the development of hybrid solar-plus-storage projects and determine the feasibility and the value added by such projects accordingly.

As certain silica sand produced by the Group's sand mine in Guangxi is of the quality suitable for the production of float glass but not of solar glass, the Group has entered into a framework agreement with Xinyi Group (Glass) Company Limited to provide it with a maximum of 510,000 tonnes of such silica sand at prevailing market prices in the current year. Information on this transaction is set forth in the announcement of the Company dated 26 May 2021. The Group will continue to explore upstream raw material resources to ensure a stable supply and alleviate the pressure from rising prices.

Overall, the operating environment of the solar glass market in the second half of 2021 would be challenging. The relatively low-price environment is unlikely to change in the near term. However, leveraging its scale of production, continuous efficiency improvements and optimised operational management, the Directors are confident on the medium and long-term growth of the Group's business. The Group will continue to cautiously explore development opportunities in its core business areas – solar glass and solar farms – to facilitate its future growth.

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

Chairman

Hong Kong, 2 August 2021

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue for 1H2021 was mainly derived from two business segments, namely: (i) sales of solar glass and (ii) solar farm business, which includes solar farm development, solar power generation and EPC services. Both segments recorded remarkable revenue growth during 1H2021.

Revenue – By segment

	1H2021		1H2020		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	6,597.7	81.7	3,487.9	75.4	3,109.8	89.2
Solar farm business	<u>1,477.2</u>	<u>18.3</u>	<u>1,135.0</u>	<u>24.6</u>	342.2	30.1
Total external revenue	<u>8,074.9</u>	<u>100.0</u>	<u>4,622.9</u>	<u>100.0</u>	3,452.0	74.7

Solar Glass Revenue – By geographical market

	1H2021		1H2020		Increase/(Decrease)	
	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>%</i>
Mainland China	4,493.5	68.1	2,514.9	72.1	1,978.6	78.7
Other countries and regions	<u>2,104.1</u>	<u>31.9</u>	<u>973.0</u>	<u>27.9</u>	1,131.1	116.2
Total solar glass revenue*	<u>6,597.7</u>	<u>100.0</u>	<u>3,487.9</u>	<u>100.0</u>	3,109.8	89.2

* Because of rounding off, the sum of the individual amounts may not be the same as the actual total amount.

Management Discussion and Analysis

Revenue from sales of solar glass amounted to HK\$6,597.7 million in 1H2021, representing a year-on-year increase of 89.2%. This increase was primarily due to a higher sales volume, increased ASP, appreciation of the Renminbi (“RMB”) and Malaysian Ringgit (“MYR”) against the Hong Kong dollar (“HKD”) and an enhanced product mix.

Enhanced production capacity and increased sales of new products (thin glass and large-format glass) contributed to the Group’s high sales growth during 1H2021. Driven by the increased demand from overseas markets and the higher penetration level of double-glass and bifacial module applications, the Group’s total solar glass sales volume (in terms of tonnage) grew by 43.0% year-on-year in 1H2021. Despite the seasonal effect (decreased installation in China during winter and the Lunar New Year holiday), solar glass prices remained high in the first quarter of 2021, similar to those in the last quarter of 2020. However, rising module prices – fueled by inflated polysilicon and other component costs – have suppressed the growth momentum of downstream demand. This, coupled with the release of the new industrial supply of solar glass, triggered a substantial drop in solar glass prices during the second quarter of 2021. However, the average market price of mainstream 3.2mm solar glass still grew by around 14% in 1H2021 compared to 1H2020.

The RMB/HKD and MYR/HKD exchange rates used for converting the RMB-denominated and MYR-denominated revenue for the different months in 1H2021 into HKD were relatively higher on average – by around 8.1% and 3.6% year-on-year, respectively – than those applicable in the corresponding months in 2020, and thus had a positive impact on the Group’s revenue.

The Group’s solar glass sales had faster growth in the overseas market than in Mainland China during 1H2021, accounting for around 31.9% (1H2020: 27.9%) of the Group’s total solar glass sales revenue in 1H2021. The new solar glass production site in Guangxi, which began operation in 2H2020, greatly enhanced the Group’s flexibility in regard to fulfilling orders from customers based in Southeast Asia and India.

Management Discussion and Analysis

Revenue from the Group's solar farm segment increased by 30.1% from HK\$1,135.0 million in 1H2020 to HK\$1,477.2 million in 1H2021. The revenue of this segment comprised electricity generation income and EPC service revenue. Electricity generation income, amounting to HK\$1,382.8 million in 1H2021 – an increase of 25.6% compared to the HK\$1,101.3 million recorded in 1H2020 – was mainly derived from the solar farms located in the PRC as set forth below. EPC revenue, amounting to HK\$94.4 million in 1H2021, was mainly derived from the distributed generation PV projects developed by a 60%-owned subsidiary in Canada.

	Approved grid-connected capacity		
	As at 30 June 2021 MW	As at 31 December 2020 MW	As at 30 June 2020 MW
Utility-scale ground-mounted solar farms			
Anhui	1,460	1,460	1,460
Hubei	530	450	360
Guangxi	400	400	—
Others (Tianjin, Henan, Hebei, etc.)	894	894	844
Subtotal	3,284	3,204	2,664
Commercial distributed generation projects	38	38	38
Total	3,322	3,242	2,702
Total number of solar farms	42	41	36
Weighted average FIT * (RMB/kWh)	0.73	0.74	0.83

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

Management Discussion and Analysis

The increase in electricity generation income was mainly attributable to the capacities added in 1H2021 and 2H2020 and appreciation of RMB against HKD. With the exception of a solar farm project with a capacity of 80MW that was acquired by Xinyi Energy Group from an independent third party, there was no new grid-connected capacity added by the Group during 1H2021. This is because the Group has postponed the construction work of its self-developed solar farm projects in view of the rising solar module costs. Though the grid parity projects added (and to be added) in 2021 will lower the weighted average FiT of the entire portfolio as they are not entitled to subsidy, they could provide the Group with a more predictable and stable cash flow.

As with the majority of other solar farm operators in the PRC, the Group has experienced delays in the collection of subsidy from the government for the electricity generated by its solar farm projects. As at 30 June 2021, the outstanding tariff adjustment (subsidy) receivable by the Group amounted to HK\$4,665.4 million. Receivables from sales of electricity are generally settled on a monthly basis by state grid companies, while tariff adjustment (subsidy) receivables are settled in accordance with prevailing government policies. In 1H2021, the Group received tariff adjustment (subsidy) payments of RMB39.7 million (equivalent to approximately HK\$47.5 million).

Gross profit

The Group's gross profit increased by HK\$2,280.9 million, or 104.2%, from HK\$2,188.7 million in 1H2020 to HK\$4,469.6 million in 1H2021. The Group's overall gross profit margin increased to 55.4% (1H2020: 47.3%). This significant growth was primarily the result of the strong profit performance of the Group's solar glass and solar farm businesses.

In 1H2021, the gross profit margin of the solar glass business increased by 12.3 percentage points to 51.2% (1H2020: 38.9%). The increase in margin was mainly attributable to: (i) a higher ASP compared to the last corresponding period (despite the substantial declines in the second quarter of 2021, the average market price of mainstream 3.2mm solar glass still rose by around 14% year-on-year in 1H2021); (ii) improvement in production efficiency after the ramp up of new production capacities added in 2H2020 and 1H2021, as well as the upgrade of certain existing facilities, which mitigated the pressure from the increase in certain raw material and energy costs; and (iii) increased revenue and profit contributions derived from thin glass products (2.5/2.0 mm).

Management Discussion and Analysis

The gross profit contribution from the solar farm business increased by 30.8% in 1H2021 to HK\$1,089.4 million (1H2020: HK\$832.7 million). This change was roughly in line with the segment's revenue growth. The gross profit margin of this segment remained relatively stable, amounting to 73.7% in 1H2021 (1H2020: 73.4%).

Other income

During 1H2021, the Group's other income increased by HK\$52.3 million to HK\$123.0 million, as compared to the HK\$70.7 million recorded in 1H2020. The increase was principally due to additional government grant income and an increase in sales of scrap and materials.

Other gains/(losses), net

The Group recorded other gains, net of HK\$9.4 million for 1H2021, as compared to other losses, net of HK\$1.4 million for 1H2020. The gains in 1H2021 mainly represented the unrealised end-of-period foreign exchange translation gains in relation to the trade receivables, bank balances and intercompany balances denominated in non-functional currencies of the Group's subsidiaries.

Selling and marketing expenses

The Group's selling and marketing expenses increased by 83.8% from HK\$136.2 million in 1H2020 to HK\$250.2 million in 1H2021. The increase primarily stemmed from higher freight charges and additional transportation costs, alongside the rise in overseas solar glass sales. Soaring demand, container shortages and port congestion have contributed to a sharp rise in shipping costs. During 1H2021, the Group's transportation costs increased by 90.1%, much higher than the 43.0% increase in the volume of solar glass sold. The selling and marketing expenses to revenue ratio increased from 2.9% in 1H2020 to 3.1% in 1H2021.

Management Discussion and Analysis

Administrative and other operating expenses

Administrative and other operating expenses increased by HK\$147.9 million, or 71.1%, from HK\$208.2 million in 1H2020 to HK\$356.1 million in 1H2021. The increase was mainly due to the increase in: (i) research and development expenses of HK\$90.6 million; (ii) employee benefit expenses of HK\$32.8 million; and (iii) other miscellaneous operating expenses. Because of the increased revenue and certain expenses being relatively fixed, the ratio of administrative and other operating expenses to revenue decreased slightly from 4.5% in 1H2020 to 4.4% in 1H2021.

Finance costs

The Group's finance costs decreased from HK\$116.5 million (or HK\$137.3 million before capitalisation) in 1H2020 to HK\$67.1 million (or HK\$79.4 million before capitalisation) in 1H2021. The decrease was primarily due to the decreases in the interest rates and the Group's average debt levels. During 1H2021, interest expense of HK\$12.3 million (1H2020: HK\$20.8 million) was capitalised into the costs of solar farms and solar glass production facilities under construction. The capitalised amounts will depreciate along 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\$18.8 million for 1H2021 (1H2020: HK\$18.6 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.

Management Discussion and Analysis

Income tax expense

The Group's income tax expense increased from HK\$225.3 million in 1H2020 to HK\$613.1 million in 1H2021. The increase was primarily attributable to: (i) increased profit from the solar glass business; (ii) the expiration of a corporate income tax ("CIT") exemption/reduction period of certain solar farms during 1H2021; and (iii) recognition of deferred tax liabilities in relation to the differences between the accounting depreciation and tax depreciation (capital allowances) of a subsidiary of the Group in Malaysia.

The Group's solar farms are eligible for CIT exemption in the first three years from the year they began recording revenue after offsetting prior year losses, and a 50% tax reduction in the subsequent three years.

EBITDA and net profit

In 1H2021, the Group's EBITDA (earnings before interest, taxation, depreciation and amortisation) reached HK\$4,622.5 million, representing an increase of 95.9% when compared to the HK\$2,359.5 million recorded in 1H2020. The EBITDA margin (calculated based on total revenue for 1H2021) was 57.2% for 1H2021 as compared to 51.0% for 1H2020.

Net profit attributable to equity holders of the Company for 1H2021 was HK\$3,072.4 million, representing an increase of 118.4% as compared to HK\$1,406.5 million for 1H2020. Net profit margin increased to 38.0% for 1H2021 from 30.4% for 1H2020, and such increase was mainly due to the net effect of (i) the enhanced profitability of the solar glass business; (ii) higher finance income and lower finance costs; and (iii) the reduction in profit sharing from Xinyi Energy Group due to the dilution impact resulting from the disposal of solar farm projects totalling 230MW and 250MW to Xinyi Energy in September 2020 and February 2021, respectively, and the placing of new shares by Xinyi Energy in September 2020.

Financial Resources and Liquidity

In 1H2021, the total assets of the Group increased by 9.9% to HK\$47,718.0 million and shareholders' equity increased by 7.0% to HK\$28,367.7 million. The Group's current ratio as at 30 June 2021 was 2.3, compared to 2.6 as at 31 December 2020.

During 1H2021, 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\$3,260.4 million (1H2020: HK\$1,259.9 million). The increase in net cash inflow was primarily attributable to the increase in revenue from the strong business and cash flow performance of the solar glass segment. Net cash used in investing activities amounted to HK\$2,500.1 million (1H2020: HK\$1,108.7 million). The increase was primarily due to capital expenditures in relation to solar glass capacity expansion and investments in new solar farm projects. Net cash generated from financing activities amounted to HK\$127.2 million (1H2020: HK\$448.5 million). During 1H2021, the Group secured new bank borrowings of HK\$2,311.1 million and repaid bank borrowings of HK\$1,879.6 million.

The Group's liquidity remains strong, with net cash position (cash and cash equivalents less bank borrowings) increased from HK\$3,177.9 million at 31 December 2020 to HK\$3,652.0 million at 30 June 2021.

Management Discussion and Analysis

CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of HK\$2,584.6 million for 1H2021 which were primarily used in the expansion and upgrade of solar glass production capacities and the development of the solar farm projects in China. Capital commitments contracted for but not incurred by the Group as at 30 June 2021 amounted to HK\$2,075.5 million, which were mainly related to the expansion of solar glass production capacity and the development and construction of the solar farm projects in China.

PLEDGE OF ASSETS

No assets of the Group were pledged as security for bank borrowings as at 30 June 2021.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in notes 19 and 20 to the condensed consolidated financial information, there was no material acquisition and disposal of subsidiaries and associated companies during 1H2021.

Management Discussion and Analysis

USE OF PROCEEDS FROM THE PLACING

The Company raised net proceeds of approximately HK\$2,645.6 million and approximately HK\$3,875.8 million from the placing of 282,000,000 new shares and 300,000,000 new shares in September and December 2020, respectively. The table below sets out the proposed application of the net proceeds and actual utilisation up to 30 June 2021.

	Proposed application of the net proceeds	Unutilised balance at 31 December 2020	Amount utilised in 1H2021	Unutilised balance at 30 June 2021	Expected timeline for the application of the unutilised net proceeds (Note)
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Placing in September 2020					
Solar glass production capacity expansion	2,116.5	1,248.4	1,248.4	—	
General working capital	529.1	—	—	—	
Total	2,645.6	1,248.4	1,248.4	—	
Placing in December 2020					
Solar glass production capacity expansion	1,937.9	1,937.9	607.6	1,330.3	End of 2021
Development and construction of new solar farm projects	1,162.7	1,156.4	565.2	591.2	End of 2021
General working capital	775.2	—	—	—	
Total	3,875.8	3,094.3	1,172.8	1,921.5	

Note: The expected timeline for the application of the unutilised net proceeds is based on the latest estimation made by the Group. It may be subject to change in accordance with the future development of the market conditions.

Management Discussion and Analysis

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 expect that the Group would be subject to significant foreign exchange risk arising from the transactions denominated in HKD or USD. However, the 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 production activities in Malaysia. Exchange rate fluctuations between MYR and HKD could also affect the Group’s performance and asset value.

The presentation currency of the Group’s consolidated financial statements is HKD. Because of the rebound in the exchange rate between RMB and HKD in 1H2021, the Group reported non-cash translation gains, which represent an increase in the reserve of its consolidated balance sheet, in the translation of the RMB-denominated assets into HKD. For 1H2021, exchange gains of HK\$147.2 million were recorded as the exchange reserve movement. As a result, the credit balance in the Group’s consolidated exchange reserve account increased from HK\$294.4 million as at 31 December 2020 to HK\$441.6 million as at 30 June 2021.

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. As part of the treasury policies, the Group would strike a balance between the risk of currency mismatch and the advantage of the lower interest rates in HKD borrowings, as compared to those of the RMB. As at 30 June 2021, 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. During 1H2021, the Group did not use any financial instrument for hedging purpose.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had about 5,751 full-time employees of whom 4,834 were based in Mainland China and 917 were based in Malaysia, Hong Kong, and Canada. The total staff costs, including the emoluments of the Directors, amounted to HK\$287.6 million in 1H2021.

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 competitiveness 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 performance of the relevant employee and the overall performance of the Group.

Condensed Consolidated Income Statement

		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	8,074,911	4,622,918
Cost of sales	6	<u>(3,605,279)</u>	<u>(2,434,228)</u>
Gross profit		4,469,632	2,188,690
Other income	4	123,000	70,742
Other gains/(losses), net	5	9,402	(1,392)
Selling and marketing expenses	6	(250,236)	(136,157)
Administrative and other operating expenses	6	<u>(356,133)</u>	<u>(208,194)</u>
Operating profit		3,995,665	1,913,689
Finance income	7	71,322	21,948
Finance costs	7	(67,116)	(116,479)
Share of profits of a joint venture	13	18,756	18,632
Share of (losses)/profits of associates		<u>(153)</u>	<u>83</u>
Profit before income tax		4,018,474	1,837,873
Income tax expense	8	<u>(613,124)</u>	<u>(225,258)</u>
Profit for the period		<u>3,405,350</u>	<u>1,612,615</u>
Profit for the period attributable to:			
– the equity holders of the Company		3,072,425	1,406,467
– non-controlling interests		<u>332,925</u>	<u>206,148</u>
		<u>3,405,350</u>	<u>1,612,615</u>
Earnings per share attributable to the equity holders of the Company (Expressed in HK cents per share)			
– Basic	9(a)	<u>34.87</u>	<u>17.39</u>
– Diluted	9(b)	<u>34.81</u>	<u>17.38</u>

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	3,405,350	1,612,615
Other comprehensive income, net of tax:		
Items that may be reclassified to profit or loss		
Currency translation differences	204,221	(492,273)
Share of other comprehensive income/(loss) of a joint venture accounted for under equity method		
– Share of currency translation differences	2,778	(6,333)
Total comprehensive income for the period	3,612,349	1,114,009
Total comprehensive income for the period attributable to:		
– the equity holders of the Company	3,219,623	1,013,503
– non-controlling interests	392,726	100,506
	3,612,349	1,114,009

Condensed Consolidated Balance Sheet

		As at	
		30 June	31 December
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Assets			
Non-current assets			
	11	22,656,342	20,406,175
	12	1,802,065	1,407,700
		24,526	24,777
	15	926,419	809,271
		254,945	211,521
	13	375,041	365,751
		68,880	69,034
		227,797	251,119
Total non-current assets		26,336,015	23,545,348
Current assets			
		1,194,127	728,277
		39,141	51,296
	14	6,803,064	5,297,159
	14	1,266,979	2,838,874
	15	1,844,718	1,662,164
		13,024	8,281
	21(b)	15,379	—
	21(b)	—	796
		10,205,543	9,291,194
Total current assets		21,381,975	19,878,041
Total assets		47,717,990	43,423,389
Equity			
Capital and reserves attributable to the equity holders of the Company			
	17	881,212	880,925
		11,880,597	13,107,452
		15,605,854	12,533,429
		28,367,663	26,521,806
Non-controlling interests		5,446,938	5,502,712
Total equity		33,814,601	32,024,518

Condensed Consolidated Balance Sheet

		As at	
		30 June 2021	31 December 2020
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Liabilities			
Non-current liabilities			
		13,651	11,936
		3,475,460	2,703,109
		731,044	646,458
		502,523	312,123
		<u>4,722,678</u>	<u>3,673,626</u>
Total non-current liabilities			
Current liabilities			
		3,078,111	3,410,143
		4,068,835	3,377,600
		58,602	181,402
		47,915	48,519
		55,045	167,118
		1,498,052	—
		374,151	540,463
		<u>9,180,711</u>	<u>7,725,245</u>
Total current liabilities			
Total liabilities		<u>13,903,389</u>	<u>11,398,871</u>
Total equity and liabilities		<u>47,717,990</u>	<u>43,423,389</u>

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company (Unaudited)						
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2021	880,925	9,674,180	3,433,272	12,533,429	26,521,806	5,502,712	32,024,518
Comprehensive income							
Profit for the period	—	—	—	3,072,425	3,072,425	332,925	3,405,350
Other comprehensive income							
Currency translation differences	—	—	144,420	—	144,420	59,801	204,221
Share of other comprehensive income of a joint venture accounted for under the equity method	—	—	2,778	—	2,778	—	2,778
Total comprehensive income for the period	—	—	147,198	3,072,425	3,219,623	392,726	3,612,349
Transactions with owners							
Employees' share option scheme							
– exercise of employees' share options	287	10,723	(2,021)	—	8,989	—	8,989
– value of employee services	—	—	5,599	—	5,599	—	5,599
Dividend relating to 2020	—	(1,497,872)	—	—	(1,497,872)	—	(1,497,872)
Dividend paid to non-controlling interests	—	—	—	—	—	(301,873)	(301,873)
Changes in ownership interest in subsidiaries without loss of control (Note 19)	—	—	109,518	—	109,518	(146,627)	(37,109)
Balance at 30 June 2021	881,212	8,187,031	3,693,566	15,605,854	28,367,663	5,446,938	33,814,601

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company (Unaudited)					Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
Balance at 1 January 2020	808,186	2,956,278	1,261,663	9,150,719	14,176,846	4,396,283	18,573,129
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 Cash Flows

	Six months ended 30 June	
	2021	2020
Note	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	4,079,474	1,560,949
Interest paid	(61,351)	(119,254)
Income tax paid	(757,755)	(181,819)
	<u>3,260,368</u>	<u>1,259,876</u>
Net cash generated from operating activities		
	<u>3,260,368</u>	<u>1,259,876</u>
Cash flows from investing activities		
Payment for acquisition of right-of-use assets	(337,895)	(56,337)
Purchases of and prepayment for purchase of property, plant and equipment	(2,246,737)	(1,084,616)
Acquisition of a subsidiary, net of cash acquired	20 1	809
Proceeds from disposal of property, plant and equipment	920	32
Repayment from a joint venture	12,244	9,461
Interest received	71,322	21,947
	<u>(2,500,145)</u>	<u>(1,108,704)</u>
Net cash used in investing activities		

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2021	2020
Note	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Proceeds from exercise of employees' share options	8,989	12,122
Proceeds from bank borrowings	2,311,080	2,208,442
Repayment of bank borrowings	(1,879,551)	(1,223,671)
Dividend paid to Company's shareholders	(3)	(268,225)
Dividend paid to non-controlling interests	(301,699)	(271,471)
Principal element of lease payments	(11,580)	(8,671)
	<u>127,236</u>	<u>448,526</u>
Net cash generated from financing activities	<u>127,236</u>	<u>448,526</u>
Net increase in cash and cash equivalents	887,459	599,698
Cash and cash equivalents at beginning of the period	9,291,194	2,221,055
Effect of foreign exchange rate changes	26,890	(29,912)
	<u>10,205,543</u>	<u>2,790,841</u>
Cash and cash equivalents at end of the period	10,205,543	2,790,841

Notes to the Condensed Consolidated Financial Information

1 GENERAL INFORMATION

Xinyi Solar Holdings Limited and its subsidiaries are principally engaged in the production and sale of solar glass products, which are carried out internationally, through the production complexes located in the PRC and Malaysia. In addition, the Group is also engaged in the development and operation of solar farms in the PRC and 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 2 August 2021.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2021 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 2020, 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 2020, as described in those annual financial statements.

Notes to the Condensed Consolidated Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(Continued)

(a) Amendments to standards adopted by the Group

The HKICPA has issued the below amendments to standards which are generally effective for accounting periods beginning on or after 1 January 2021. The Group has adopted these amendments to standards for the first time for its accounting period commencing 1 January 2021. The adoption of these amendments to standards does not have a material impact on the Group in the current or prior periods.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

Notes to the Condensed Consolidated Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(Continued)

(b) New standards, amendments to standards and interpretation issued but not yet effective for the accounting period beginning on 1 January 2021 and not early adopted by the Group

The Group is in the process of making an assessment on the impact of these new standards, amendments to standards and interpretation. Preliminary assessment results showed that the adoption of these new standards, amendments to standards and interpretation is not expected to have any significant impact on the Group's financial statements.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments	1 January 2022
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HK-Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023

Notes to the Condensed Consolidated Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(Continued)

- (b) New standards, amendments to standards and interpretation issued but not yet effective for the accounting period beginning on 1 January 2021 and not early adopted by the Group (Continued)

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Sales of solar glass	<u>6,597,662</u>	<u>3,487,873</u>
Solar farm business		
– Sales of electricity	678,915	468,305
– Tariff adjustment	703,923	632,972
– EPC services	<u>94,411</u>	<u>33,768</u>
	<u>1,477,249</u>	<u>1,135,045</u>
Total revenue	<u>8,074,911</u>	<u>4,622,918</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.

3 REVENUE AND SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2021, there are two operating segments based on business type: (1) sales of solar glass and (2) solar farm business, which includes solar farm development, solar power generation and EPC services. The operating segments, solar farm business (which includes solar farm development and solar power generation) and EPC services, were separately disclosed in the unaudited condensed consolidated interim financial information for the six months ended 30 June 2020. As the Executive Directors no longer consider the performance of these two business segments separately, they are aggregated as “solar farm business” for the six months ended 30 June 2021. Certain comparative figures have been re-presented to conform to current period’s presentation.

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.

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.

Notes to the Condensed Consolidated Financial Information

3 REVENUE AND SEGMENT INFORMATION (Continued)

The segment information for the six months ended 30 June 2021 and 2020 is as follows:

	Six months ended 30 June 2021 (Unaudited)		
	Sales of solar glass HK\$'000	Solar farm business HK\$'000	Total HK\$'000
Segment revenue			
Recognised at a point in time	6,597,662	1,382,838	7,980,500
Recognised over time	—	94,411	94,411
	<hr/>	<hr/>	<hr/>
Revenue from external customers	6,597,662	1,477,249	8,074,911
Cost of sales	(3,217,454)	(387,825)	(3,605,279)
	<hr/>	<hr/>	<hr/>
Gross profit	3,380,208	1,089,424	4,469,632
	<hr/>	<hr/>	<hr/>
Segment revenue by geographical area			
Mainland China	4,493,519	1,381,305	5,874,824
Other countries and regions	2,104,143	95,944	2,200,087
	<hr/>	<hr/>	<hr/>
	6,597,662	1,477,249	8,074,911
	<hr/>	<hr/>	<hr/>
Depreciation charge of property, plant and equipment	218,461	290,040	508,501
Depreciation charge of right-of-use assets	9,780	18,026	27,806
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	2,099,069	1,114,429	3,213,498
	<hr/>	<hr/>	<hr/>

Notes to the Condensed Consolidated Financial Information

3 REVENUE AND SEGMENT INFORMATION (Continued)

	Six months ended 30 June 2020 (Unaudited)		
	Sales of solar glass HK\$'000	Solar farm business 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
	<u>3,487,873</u>	<u>1,135,045</u>	<u>4,622,918</u>
Revenue from external customers	3,487,873	1,135,045	4,622,918
Cost of sales	<u>(2,131,891)</u>	<u>(302,337)</u>	<u>(2,434,228)</u>
Gross profit	<u>1,355,982</u>	<u>832,708</u>	<u>2,188,690</u>
Segment revenue by geographical area			
Mainland China	2,514,922	1,102,279	3,617,201
Other countries and regions	<u>972,951</u>	<u>32,766</u>	<u>1,005,717</u>
	<u>3,487,873</u>	<u>1,135,045</u>	<u>4,622,918</u>
Depreciation charge of property, plant and equipment	151,325	232,200	383,525
Depreciation charge of right-of-use assets	8,333	13,250	21,583
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	<u>612,863</u>	<u>541,287</u>	<u>1,154,150</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
	Sales of solar glass HK\$'000	Solar farm business HK\$'000	Unallocated HK\$'000	
At 30 June 2021 (Unaudited)				
Total assets	24,375,638	22,873,300	469,052	47,717,990
Total liabilities	<u>(3,329,278)</u>	<u>(6,002,136)</u>	<u>(4,571,975)</u>	<u>(13,903,389)</u>
At 31 December 2020 (Audited)				
Total assets	21,567,416	21,409,160	446,813	43,423,389
Total liabilities	<u>(2,908,726)</u>	<u>(4,235,910)</u>	<u>(4,254,235)</u>	<u>(11,398,871)</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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Segment assets/(liabilities)	47,248,938	42,976,576	(9,331,414)	(7,144,636)
Unallocated:				
Property, plant and equipment	346	354	—	—
Interests in a joint venture	375,041	365,751	—	—
Investments in associates	68,880	69,034	—	—
Prepayments, deposits and other receivables	1,108	650	—	—
Cash and cash equivalents	14,184	1,293	—	—
Deferred income tax assets	9,493	9,731	—	—
Other payables	—	—	(1,502,197)	(4,084)
Bank borrowings	—	—	(3,069,778)	(4,250,151)
Total assets/(liabilities)	<u>47,717,990</u>	<u>43,423,389</u>	<u>(13,903,389)</u>	<u>(11,398,871)</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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Segment gross profit	4,469,632	2,188,690
Unallocated:		
Other income	123,000	70,742
Other gains/(losses), net	9,402	(1,392)
Selling and marketing expenses	(250,236)	(136,157)
Administrative and other operating expenses	(356,133)	(208,194)
Finance income	71,322	21,948
Finance costs	(67,116)	(116,479)
Share of profits of a joint venture	18,756	18,632
Share of (losses)/profits of associates	(153)	83
Profit before income tax	<u>4,018,474</u>	<u>1,837,873</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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
The PRC	24,364,675	21,587,384
Other countries	1,488,598	1,495,324
	<u>25,853,273</u>	<u>23,082,708</u>

4 OTHER INCOME

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Rental income	796	817
Government grants	62,559	48,943
Sales of scrap and materials	41,174	4,882
Tariff adjustments for electricity generation from self-used solar power system	9,504	8,679
Others (Note)	8,967	7,421
	<u>123,000</u>	<u>70,742</u>

Note: They mainly comprise compensation of litigation settlement, insurance claims and other miscellaneous income.

Notes to the Condensed Consolidated Financial Information

5 OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Foreign exchange gains/(losses), net	9,521	(1,319)
Loss on disposal of property, plant and equipment	(119)	(73)
	<u>9,402</u>	<u>(1,392)</u>

6 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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation charge of intangible assets	646	—
Depreciation charge of property, plant and equipment	508,501	383,525
Depreciation charge of right-of-use assets	27,806	21,583
Employee benefit expenses (including directors' emoluments)	287,644	197,496
Cost of inventories sold	2,845,173	1,882,524
Construction contracts costs	51,297	21,267
Transportation costs	233,594	122,867
Research and development expenditures	170,560	79,959
Other expenses	86,427	69,358
	<u>4,211,648</u>	<u>2,778,579</u>

Notes to the Condensed Consolidated Financial Information

7 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	<u>71,322</u>	<u>21,948</u>
Finance costs		
Interest for lease liabilities	22,442	19,016
Interest on bank borrowings	<u>56,957</u>	<u>118,257</u>
	79,399	137,273
Less: Amounts capitalised on qualifying assets	<u>(12,283)</u>	<u>(20,794)</u>
	<u>67,116</u>	<u>116,479</u>

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong profits tax (Note (a))	—	87
PRC corporate income tax ("CIT") (Note (b))	425,973	214,851
Overseas income tax (Note (c))	<u>169,319</u>	<u>947</u>
	595,292	215,885
Deferred income tax (Note (d))	<u>17,832</u>	<u>9,373</u>
Income tax expense	<u>613,124</u>	<u>225,258</u>

Notes to the Condensed Consolidated Financial Information

8 INCOME TAX EXPENSE (Continued)

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 one of the Group's subsidiaries in Hong Kong and 16.5% on the remaining estimated assessable profits for the period (2020: same).
- (b) The applicable CIT rate for the Group's subsidiaries in Mainland China is 25% except that:
 - A subsidiary engaging in solar glass business in Anhui is qualified as "High and New Technology Enterprise" and would be entitled to enjoy a preferential CIT rate of 15% (2020: 15%);
 - A subsidiary engaging in solar glass business in Guangxi is qualified as "Encouraged Enterprise" in the Catalogue of Industries Encouraged for Foreign Investment in Central and Western Region and would be entitled to enjoy a preferential CIT rate of 9%;
 - Subsidiaries engaging in the operation and management of solar farms enjoyed tax holiday and their profits are fully exempted from the CIT for three years starting from its first year of revenue generation, followed by 50% reduction in CIT in next three years. However, their government grants and insurance claims received are subject to the CIT rate of 25%.
- (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% (2020: 24%).
- (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	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	3,072,425	1,406,467
Weighted average number of ordinary shares in issue (thousands)	8,810,127	8,085,611
Basic earnings per share (HK cents)	<u>34.87</u>	<u>17.39</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's dilutive potential ordinary shares comprise of share options.

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	<u>3,072,425</u>	<u>1,406,467</u>
Weighted average number of ordinary shares in issue (thousands)	8,810,127	8,085,611
Adjustments for share options (thousands)	<u>14,932</u>	<u>5,083</u>
	<u>8,825,059</u>	<u>8,090,694</u>
Diluted earnings per share (HK cents)	<u>34.81</u>	<u>17.38</u>

Notes to the Condensed Consolidated Financial Information

10 DIVIDENDS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend for 2020 of 17.0 HK cents (2019: 8.5 HK cents) per share	1,497,872	687,029
Interim dividend declared of 17.0 HK cents (2020: 8.5 HK cents) per share	<u>1,511,160</u>	<u>694,069</u>

At a meeting of the Board held on 2 August 2021, the Directors resolved to declare an interim dividend of 17.0 HK cents per share for the six months ended 30 June 2021. The amount of 2021 interim dividend is based on 8,889,176,238 shares in issue as at 31 July 2021. 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 2021.

Notes to the Condensed Consolidated Financial Information

11 PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June 2021 (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	204,897	1,431,474	4,364,481	13,104,192	8,045	1,293,086	20,406,175
Additions	—	1,048	106,484	46,213	1,859	2,232,822	2,388,426
Transfer	—	166,288	970,030	1,017,532	—	(2,153,850)	—
Acquisition of a subsidiary (Note 20)	—	—	—	294,553	—	—	294,553
Disposals	—	—	(1,029)	—	(10)	—	(1,039)
Depreciation charge	—	(26,046)	(234,560)	(287,234)	(1,030)	—	(548,870)
Currency translation differences	(5,700)	(3,589)	7,566	107,996	81	10,743	117,097
Net book amount at 30 June	<u>199,197</u>	<u>1,569,175</u>	<u>5,212,972</u>	<u>14,283,252</u>	<u>8,945</u>	<u>1,382,801</u>	<u>22,656,342</u>

Notes to the Condensed Consolidated Financial Information

12 RIGHT-OF-USE ASSETS

	Six months ended 30 June 2021 HK\$'000 (Unaudited)
Net book amount at 1 January	1,407,700
Additions	393,922
Acquisition of a subsidiary (Note 20)	18,984
Depreciation charge	(31,005)
Currency translation differences	12,464
	<hr/>
Net book amount at 30 June	1,802,065

13 INTERESTS IN A JOINT VENTURE

	Six months ended 30 June 2021 HK\$'000 (Unaudited)
At 1 January	365,751
Share of profits	18,756
Repayment from a joint venture	(12,244)
Currency translation differences	2,778
	<hr/>
At 30 June	375,041

Notes to the Condensed Consolidated Financial Information

14 TRADE AND BILLS RECEIVABLES

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables	6,822,861	5,316,373
Less: Loss allowance of trade receivables	(19,797)	(19,214)
Trade receivables, net	6,803,064	5,297,159
Bills receivables	1,266,979	2,838,874
	<u>8,070,043</u>	<u>8,136,033</u>

Breakdown of trade receivables by segment is as follows:

	Sales of Solar glass HK\$'000	Solar farm business HK\$'000	Total HK\$'000
At 30 June 2021 (Unaudited)			
Sales of solar glass	1,849,814	—	1,849,814
Sales of electricity	—	226,512	226,512
Tariff adjustment	—	4,665,435	4,665,435
EPC service revenue	—	81,100	81,100
Total	<u>1,849,814</u>	<u>4,973,047</u>	<u>6,822,861</u>
At 31 December 2020 (Audited)			
Sales of solar glass	1,217,287	—	1,217,287
Sales of electricity	—	112,183	112,183
Tariff adjustment	—	3,885,545	3,885,545
EPC service revenue	—	101,358	101,358
Total	<u>1,217,287</u>	<u>4,099,086</u>	<u>5,316,373</u>

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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 - 90 days	6,709,741	5,204,358
91 - 180 days	78,221	14,849
181 - 365 days	6,869	16,539
1 - 2 years	13,848	72,697
Over 2 years	14,182	7,930
	<u>6,822,861</u>	<u>5,316,373</u>

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

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 - 90 days	637,836	428,398
91 - 180 days	364,876	415,786
181 - 365 days	745,142	737,492
1 - 2 years	1,892,164	1,599,708
Over 2 years	1,251,929	816,344
	<u>4,891,947</u>	<u>3,997,728</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 represent 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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Prepayments	1,677,076	1,468,661
Deposits and other receivables	397,244	219,456
Other tax receivables (Note)	696,817	783,318
	<u>2,771,137</u>	<u>2,471,435</u>
Less: Non-current portion of prepayments for land use rights and property, plant and equipment	(926,419)	(809,271)
Current portion	<u>1,844,718</u>	<u>1,662,164</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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade payables	724,461	667,734
Retention payables for EPC services	<u>302</u>	<u>352</u>
Trade payables and retention payables for EPC services	724,763	668,086
Bills payables	<u>697,448</u>	<u>381,584</u>
Trade, retention and bills payables	1,422,211	1,049,670
Accruals and other payables	<u>2,646,624</u>	<u>2,327,930</u>
Current portion	<u>4,068,835</u>	<u>3,377,600</u>
Deferred government grants	417,968	209,699
Retention payables for construction of solar farms	<u>84,555</u>	<u>102,424</u>
Non-current portion	<u>502,523</u>	<u>312,123</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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0 - 90 days	668,105	609,737
91 - 180 days	23,284	26,199
181 - 365 days	9,179	5,538
Over 1 year	24,195	26,612
	<u>724,763</u>	<u>668,086</u>

The maturity of the bills payables is within 6 months.

17 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares (thousands) (Unaudited)	Ordinary shares of HK\$ 0.1 each HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Issued and fully paid:				
At 1 January 2021	8,809,254	880,925	9,674,180	10,555,105
Issuance of shares pursuant to employees' share option scheme	2,873	287	10,723	11,010
Dividend relating to 2020	—	—	(1,497,872)	(1,497,872)
At 30 June 2021	<u>8,812,127</u>	<u>881,212</u>	<u>8,187,031</u>	<u>9,068,243</u>

Notes to the Condensed Consolidated Financial Information

18 BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Repayable on demand and within 1 year	3,078,111	3,410,143
Between 1 and 2 years	2,319,408	1,615,136
Between 2 and 5 years	1,156,052	1,087,973
	<u>6,553,571</u>	<u>6,113,252</u>
Less: Non-current portion	(3,475,460)	(2,703,109)
Current portion	<u>3,078,111</u>	<u>3,410,143</u>

As at 30 June 2021, bank borrowings of HK\$510,000,000 (2020: HK\$615,000,000) contained repayment on demand clause and were classified as current liabilities.

As at 30 June 2021, all bank borrowings bore floating interest rates. These bank borrowings are repayable by installments up to 2024. The carrying amounts of the Group's bank borrowings are denominated in HK\$ and approximate their fair values as at 30 June 2021. The effective interest rates per annum at reporting date were as follows:

	As at	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Bank borrowings	<u>1.22%</u>	<u>1.48%</u>

Corporate guarantee was provided by the Company and its subsidiaries for the bank borrowings.

Notes to the Condensed Consolidated Financial Information

19 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 11 February 2021, Xinyi Power (BVI) Limited (“Xinyi Power”), a wholly-owned subsidiary of the Company, completed the disposal (the “Disposal”) of the entire equity interest in Xinyi Solar Farm (Group 6) Limited (“Xinyi Solar Farm (6)”) to Xinyi Energy Holdings Limited (“Xinyi Energy”), a subsidiary owned as to 50.05% by the Group, at a cash consideration of HK\$520.2 million pursuant to a sale and purchase agreement dated 6 January 2021 entered into between Xinyi Energy. Xinyi Solar Farm (6), through its subsidiaries, owns and operates three solar farm projects with an aggregated approved capacity of 250MW in the PRC. Immediately after completion of the Disposal, the Company’s indirect equity interest in Xinyi Solar Farm (6) had been reduced from 100% to 50.05% without a loss of control. Hence, the Group recognised a transaction with non-controlling interests of HK\$146.6 million in relation to the fair value adjustment of the Disposal attributable to the non-controlling interests.

The effect of the Disposal on the equity attributable to equity holders of the Company during the six months ended 30 June 2021 is summarised as follows:

	HK\$’000 (Unaudited)
Increase in equity attributable to equity holders of the Company	109,518
Decrease in non-controlling interests	<u>(146,627)</u>
Decrease in total equity	<u>(37,109)</u>

In addition to the above, Xinyi Power entered into a sales and purchase agreement (“S&P Agreement”) with Xinyi Energy on 6 January 2021 in respect of the proposed disposal of the entire equity interest in Xinyi Solar Farm (Group 7) Limited, which owns and operates solar farms with approved capacity of 270MW, to Xinyi Energy for a consideration to be calculated based on the formula set forth in the S&P Agreement. The disposal of the entire equity interest in Xinyi Solar Farm (Group 7) Limited is expected to be completed on or before 31 December 2021. For further details, please refer to the Company’s announcement dated 6 January 2021.

Notes to the Condensed Consolidated Financial Information

20 BUSINESS COMBINATION

In February 2021, a subsidiary of Xinyi Energy acquired 100% equity interest of Hubei Jingping Renewable Energy Limited, which owns a solar farm project with approved grid-connected capacity of 80MW in Hubei Province, the PRC at a cash consideration of RMB1,000,000 (equivalent to approximately HK\$1,194,000) from an independent third party.

The consideration paid and the provisional fair value of identifiable assets acquired and liabilities assumed at the acquisition date are as follows:

	HK\$'000 (Unaudited)
Purchases consideration	
Cash consideration	<u>1,194</u>
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	294,553
Right-of-use assets	18,984
Trade and other receivables and prepayments	81
Cash and cash equivalents	1
Lease liabilities	(18,984)
Deferred income tax liabilities	(186)
Other payables and accruals	<u>(293,719)</u>
Total identifiable net assets	730
Goodwill	<u>464</u>
	<u>1,194</u>
Net cash inflow arising from the acquisition	
Cash and cash equivalents acquired	1
Less: Cash consideration paid	<u>—</u>
	<u>1</u>

Notes to the Condensed Consolidated Financial Information

20 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 date contributed by the acquired business amounted to HK\$9,357,000 and HK\$7,795,000 respectively.

If the acquisition had occurred on 1 January 2021, the condensed consolidated income statement would show pro-forma revenue and profit of approximately HK\$8,074,911,000 and HK\$3,405,350,000 respectively.

(b) Acquired receivables

The fair value of other receivables and prepayments acquired was HK\$81,000. There was no trade receivables acquired.

(c) Goodwill

The Group recognised goodwill of approximately HK\$464,000 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 the project 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

21 RELATED PARTY TRANSACTIONS

(a) Significant Related Party Transactions

Material related party transactions during the period are as follows:

		Six months ended 30 June	
	Note	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Purchases of glass products from:			
– Subsidiaries of Xinyi Glass Holdings Limited ("Xinyi Glass")*	i, iii	<u>118,122</u>	<u>7,297</u>
Purchases of machineries from:			
– A subsidiary of Xinyi Glass*	i, iv	<u>91,825</u>	<u>26,713</u>
Sales of silica sand to:			
– Subsidiaries of Xinyi Glass*	i, v	<u>21,161</u>	<u>—</u>
Purchase of consumables from:			
– Subsidiaries of Xinyi Glass*	ii, vi	<u>7,402</u>	<u>2,976</u>
– A subsidiary of Xinyi Electric Storage Holdings Limited ("Xinyi Electric Storage")#	ii, vi	<u>6</u>	<u>—</u>
		<u>7,408</u>	<u>2,976</u>
Solar farm management fee paid to a non-wholly owned subsidiary:			
– Xinyi Energy Technology (Wuhu) Limited^	i, vii	<u>4,624</u>	<u>4,214</u>
EPC service income received from:			
– A subsidiary of Xinyi Glass*	ii, vi	<u>3,847</u>	<u>—</u>
Sales of consumables to:			
– Subsidiaries of Xinyi Glass*	ii, vi	<u>2,607</u>	<u>—</u>

Notes to the Condensed Consolidated Financial Information

21 RELATED PARTY TRANSACTIONS (Continued)

(a) Significant Related Party Transactions (Continued)

		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Note			
Maintenance and service charges received from:			
– A subsidiary of Xinyi Glass*	ii, vi	<u>1,305</u>	<u>1,294</u>
Rental income received from:			
– A subsidiary of Xinyi Glass*	ii, vi	<u>553</u>	<u>509</u>
Consultancy fee paid to:			
– A subsidiary of Xinyi Glass*	ii, vi	<u>435</u>	<u>430</u>
Purchases of and processing of battery pack, chargers and lithium battery energy storage facilities:			
– A subsidiary of Xinyi Electric Storage [#]	i, viii	<u>302</u>	<u>860</u>
Sales of electricity to:			
– A subsidiary of Xinyi Electric Storage [#]	ii, vi	<u>226</u>	<u>677</u>
Processing charges of raw materials paid to:			
– A subsidiary of Xinyi Glass*	ii, vi	<u>—</u>	<u>1,739</u>
Sales of glass products to:			
– Subsidiaries of Xinyi Glass*	ii, vi	<u>—</u>	<u>1,082</u>

Notes to the Condensed Consolidated Financial Information

21 RELATED PARTY TRANSACTIONS (Continued)

(a) Significant Related Party Transactions (Continued)

- * Companies under control of a company which has a significant influence on the Group.
- # 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, J.P.*, Mr. Li Man Yin and their respective associates.
- ^ A connected subsidiary of the Company.

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 glass products were charged at mutually agreed prices and terms. Details of the transactions were disclosed in the Company's announcements dated 8 January 2021 and 11 May 2021.
- (iv) The purchases of machineries were charged at considerations based on mutually agreed terms. Details of the transactions were disclosed in the Company's announcements dated 8 January 2021 and 11 May 2021.
- (v) The sales of silica sand were charged at mutually agreed prices and terms. Details of the transactions were disclosed in the Company's announcement dated 26 May 2021.
- (vi) The transactions were conducted at mutually agreed prices and terms.
- (vii) 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 circulars dated 2 November 2018 and 15 May 2019.
- (viii) Purchases of and processing of battery pack, chargers and lithium battery energy storage facilities were charged at mutually agreed prices and terms. Details of the transactions were disclosed in the Company's announcements dated 8 April 2021 and 27 April 2021.

Notes to the Condensed Consolidated Financial Information

21 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with Related Parties

	As at	
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Amount due from a joint venture		
– Xinyi Solar (Lu'an) Company Limited	—	796
Amount due from a related company		
– Guangxi Xinyi Supply Chain Management Company Limited*	15,379	—
Amounts due to related companies		
– Wuhu Jinsanshi Numerical Control Technology Company Limited*	(36,962)	(91,397)
– Xinyi Glass (Guangxi) Company Limited*	(8,401)	(73,383)
– Xinyi Energy Smart (Malaysia) Sdn Bhd*	(8,257)	(293)
– Xinyi Ultra-thin Glass (Dongguan) Company Limited*	(516)	(1,281)
– Anhui Xinyi Power Source Company Limited#	(349)	(470)
– Xinyi Glass Holdings Limited*	(294)	(294)
– Xinyi Glass Japan Company Limited *	(211)	—
– Xinyi Energy Smart (Wuhu) Company Limited*	(31)	—
– Xinyi Glass Engineering (Dongguan) Company Limited*	(24)	—
	<u>(55,045)</u>	<u>(167,118)</u>

Notes to the Condensed Consolidated Financial Information

21 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with Related Parties (Continued)

- ~ Ultimate holding company of a company which has a significant influence of the Group.
- * Companies under control of a company which has a significant influence of the Group.
- # 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, J.P.*, Mr. LI Man Yin and their respective associates.

The amounts due from/to a joint venture and related companies are unsecured, interest free and repayable on demand. The amounts approximate their fair values and are denominated in RMB and MYR.

Key management compensation amounted to HK\$27,290,000 for the six month ended 30 June 2021 (2020: HK\$15,097,000).

Further Information on the Group

Interim Dividend and Closure of Register of Members

The Board has resolved to declare an interim dividend of 17.0 HK cents per share (the “Share”) of the Company for 1H2021 (1H2020: 8.5 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, 23 August 2021. The interim dividend is expected to be payable on Tuesday, 21 September 2021. The Company’s register of members was closed from Thursday, 19 August 2021 to Monday, 23 August 2021 (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, 18 August 2021.

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

In 1H2021, 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

The Company has complied with the applicable Code Provisions in the Corporate Governance Code (the “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 1H2021.

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 1H2021.

Further Information on the Group

Share Option Scheme

(a) Share Option Scheme of the Company

In June 2014, the Company adopted a share options scheme (the "Share Option Scheme"). The following table sets forth movements in the share options of the Company for 1H2021:

Grant date	Exercise price (HK\$)	Price of the Company's shares immediately before the grant date (HK\$)	Vesting period	Exercisable period	At 1 January 2021		Number of share options			At 30 June 2021
					Granted	Exercised	Lapsed	Cancelled		
29/03/2018	3.18	3.20	29/02/18-31/12/2020	1/4/2021-31/03/2022	375,000	—	—	—	—	375,000
28/03/2019	3.76	3.75	28/02/19-31/12/2021	1/4/2022-31/03/2023	375,000	—	—	—	—	375,000
31/03/2020	4.39	4.36	31/02/20-31/12/2022	1/4/2023-31/03/2024	375,000	—	—	—	—	375,000
31/03/2021	12.99	13.40	31/02/2021-31/12/2023	1/4/2024-31/03/2025	—	300,000	—	—	—	300,000
31/03/2017	2.48 ⁽ⁱ⁾	2.50	31/02/17-31/12/2019	1/4/2020-31/03/2021	211,075	—	(210,958) ⁽ⁱⁱ⁾	(117)	—	—
29/03/2018	3.18	3.20	29/02/18-31/12/2020	1/4/2021-31/03/2022	6,892,000	—	(2,662,400) ⁽ⁱⁱ⁾	(22,000)	—	4,207,600
28/03/2019	3.76	3.75	28/02/19-31/12/2021	1/4/2022-31/03/2023	8,029,500	—	—	(107,000)	—	7,922,500
31/03/2020	4.39	4.36	31/02/20-31/12/2022	1/4/2023-31/03/2024	8,153,500	—	—	(103,000)	—	8,050,500
31/03/2021	12.99	13.40	31/02/2021-31/12/2023	1/4/2024-31/03/2025	—	9,585,500	—	—	—	9,585,500
				Total	24,411,075	9,885,500	(2,873,358)	(232,117)	—	31,191,100

Executive director

- Mr. CHEN XI

Continuous contract

employees

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 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.
- (2) The weighted average closing price of shares immediately before the dates on which the options were exercised were HK\$13.75.
- (3) The weighted average closing price of shares immediately before the dates on which the options were exercised was HK\$13.72.

For 1H2021, 9,885,500 share options were granted. The fair value of the equity-settled share options granted under the Share Option Scheme during 1H2021 was estimated at HK\$37,459,000. The fair value of the share options granted to the Director and eligible employees of the Group were HK\$1,137,000 and HK\$36,322,000, respectively. The value of the share options granted during 1H2021 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 1H2021 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\$)	12.78
Exercise price (HK\$)	12.99
Volatility (%)	47.04
Dividend yield (%)	2.00
Expected share option life (years)	3.50
Annual risk-free rate (%)	0.48

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 1H2021:

	Grant date	Exercise price (HK\$)	Price of the XYE shares immediately before the grant date (HK\$)	Vesting period	Exercisable period	Number of share options						
						As at 1 January 2021	Granted	Exercised	Cancelled	Lapsed	As at 30 June 2021	
Executive director												
- Ms. CHENG Shu E	31/3/2020	2.18	2.08	31/3/2020-31/12/2022	1/4/2023-31/3/2024	450,000	—	—	—	—	450,000	
	31/3/2021	3.78	3.81	31/3/2021-31/12/2023	1/4/2024-31/3/2025	—	347,000	—	—	—	347,000	
Continuous contract employees	31/3/2020	2.18	2.08	31/3/2020-31/12/2022	1/4/2023-31/3/2024	1,379,500	—	—	—	(4,000)	1,375,500	
	31/3/2021	3.78	3.81	31/3/2021-31/12/2023	1/4/2024-31/3/2025	—	2,133,000	—	—	—	2,133,000	
						<u>Total</u>	<u>1,829,500</u>	<u>2,480,000</u>	<u>—</u>	<u>—</u>	<u>(4,000)</u>	<u>4,305,500</u>

During 1H2021, 2,480,000 XYE Share Options were granted. The fair value of the equity-settled XYE Share Options under the XYE Share Option Scheme granted during 1H2021 was estimated at HK\$2,524,000. The fair value of the share options granted to a director and eligible employees of Xinyi Energy were HK\$353,000 and HK\$2,171,000, respectively.

The value of the XYE Share Options granted during 1H2021 is to be expensed through the income statement of Xinyi Energy over the three-year vesting period of XYE Share Options.

Further Information on the Group

The fair value of XYE Share Options granted during 1H2021 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 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\$)	3.78
Exercise price (HK\$)	3.78
Volatility (%)	47.66
Dividend yield (%)	3.84
Expected share option life (years)	3.50
Annual risk-free rate (%)	0.49

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 2021, 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

(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)	850,641,989	9.653%
	Interest in persons acting in concert ⁽²⁾		1,436,947,402	16.306%
Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M, I.P.</i>	Interest in a controlled corporation ⁽³⁾	Copark (as defined below)	218,010,049	2.473%
	Family interest ⁽³⁾		16,279,822	0.184%
	Interest in persons acting in concert ⁽²⁾		2,053,299,520	23.300%
Mr. LI Man Yin	Interest in a controlled corporation ⁽⁴⁾	Perfect All (as defined below)	90,279,566	1.024%
	Personal interest ⁽⁴⁾		3,942,784	0.044%
	Family interest ⁽⁴⁾		1,623,254	0.018%
	Interest in persons acting in concert ⁽²⁾		2,191,743,787	24.871%
Mr. LEE Yau Ching	Interest in a controlled corporation ⁽⁵⁾	Telerich (as defined below)	298,742,161	3.390%
Mr. CHEN Xi	Family interest ⁽⁶⁾		230,476	0.002%

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**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability, which in turn is the registered owner of 850,641,989 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, J.P.*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their 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, J.P.* is the beneficial owner of the entire issued share capital of Copark Investment Limited (“**Copark**”), a company incorporated in the BVI with limited liability, which is the registered owner of 218,010,049 Shares. Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.* also has 16,279,822 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**”), a company incorporated in the BVI with limited liability, which is the registered owner of 90,279,566 Shares. Mr. LI Man Yin also has 3,942,784 Shares in his own name and 1,623,254 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 298,742,161 Shares.
- (6) Mr. CHEN Xi has 230,476 Shares held through his spouse, Madam MAO Ke.

(ii) Share options of the Company

Name of Director	Capacity	Number of share options outstanding	Approximate percentage of the Company's issued share capital
Mr. CHEN Xi	Personal interest	1,425,000	0.016%

Further Information on the Group

(iii) Long positions in the shares of 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 2021:

Name of Director	Capacity	Name of the controlled corporations	Number of ordinary shares held in Xinyi Energy	Approximate percentage of Xinyi Energy's issued share capital
Dr. LEE Yin Yee, B.B.S.	Interest in a controlled corporation ⁽¹⁾	Charm Dazzle (as defined below)	457,957,500	6.441%
	Interest in a controlled corporation ⁽¹⁾	Realbest	82,901,405	1.166%
	Interest in a controlled corporation ⁽²⁾	Full Guang (as defined below)	7,606,019	0.106%
	Joint interest ⁽¹⁾		3,575,733	0.050%
	Family interest ⁽¹⁾		4,337,354	0.061%
	Interest in persons acting in concert ⁽³⁾		909,783,718	12.795%
Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M, J.P.</i>	Interest in a controlled corporation ⁽⁴⁾	Sharp Elite (as defined below)	187,687,500	2.639%
	Interest in a controlled corporation ⁽⁴⁾	Copark	29,803,255	0.419%
	Family interest ⁽⁴⁾		14,544,041	0.204%
	Interest in persons acting in concert ⁽³⁾		1,234,126,933	17.357%
Mr. LI Man Yin	Interest in a controlled corporation ⁽⁵⁾	Will Sail (as defined below)	45,045,000	0.633%
	Interest in a controlled corporation ⁽⁵⁾	Perfect All	9,139,496	0.128%
	Personal interest ⁽⁵⁾		394,278	0.005%
	Family interest ⁽⁵⁾		162,325	0.002%
	Interest in persons acting in concert ⁽³⁾		1,411,420,630	19.851%

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, both of which are incorporated in the BVI with limited liability, 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, J.P.* as to 16.21%, Mr. LEE Sing Din (father of Mr. LEE Yau Ching) as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.
- (3) Pursuant to an agreement dated 22 November 2018 and entered into by Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to dispose of their XYE Shares received at the time of listing of Xinyi Energy.
- (4) Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.* is the beneficial owner of the entire issued share capital of Sharp Elite Holdings Limited (“**Sharp Elite**”) and Copark, both of which are incorporated in the BVI with limited liability, 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, J.P.* 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, both of which are incorporated in the BVI with limited liability, 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 162,325 XYE Shares through his spouse, Madam LI Sau Suet.

Save as disclosed above, as at 30 June 2021, 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 Positions in the Shares and Underlying Shares of the Company

As at 30 June 2021, 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 shareholder	Nature of interest and capacity	(L/S)*	Number of Shares held	Approximate percentage of the Company's issued share capital
Xinyi Group (Glass) Company Limited	Beneficial owner	(L)	2,013,600,933	22.850%
Xinyi Automobile Glass (BVI) Company Limited	Interest in a controlled corporation	(L)	2,013,600,933	22.850%
Xinyi Glass Holdings Limited	Beneficial owner	(L)	831	0.000009%
	Interest in a controlled corporation	(L)	2,013,600,933	22.850%

Further Information on the Group

Name of substantial shareholder	Nature of interest and capacity	(L/S)*	Number of Shares held	Approximate percentage of the Company's issued share capital
Mr. TUNG Ching Bor	Interest in a controlled corporation ⁽¹⁾	(L)	308,003,771	3.495%
	Joint interest ⁽¹⁾	(L)	19,265,333	0.218%
	Interest in persons acting in concert ⁽²⁾	(L)	1,960,320,287	22.245%
Mr. LEE Sing Din	Interest in a controlled corporation ⁽³⁾	(L)	298,742,161	3.390%
	Personal interest ⁽³⁾	(L)	2,374,786	0.026%
	Joint interest ⁽³⁾	(L)	34,571,729	0.392%
	Interest in persons acting in concert ⁽²⁾	(L)	1,951,900,715	22.150%
Mr. LI Ching Wai	Interest in a controlled corporation ⁽⁴⁾	(L)	130,562,133	1.481%
	Personal interest	(L)	2,000,000	0.022%
	Interest in persons acting in concert ⁽²⁾	(L)	2,155,027,258	24.455%

Further Information on the Group

Name of substantial shareholder	Nature of interest and capacity	(L/S)*	Number of Shares held	Approximate percentage of the Company's issued share capital
Mr. SZE Nang Sze	Interest in a controlled corporation ⁽⁵⁾	(L)	121,714,337	1.381%
	Personal interest	(L)	3,690,043	0.041%
	Interest in persons acting in concert ⁽²⁾	(L)	2,162,185,011	24.536%
Mr. NG Ngan Ho	Interest in a controlled corporation ⁽⁶⁾	(L)	88,222,041	1.001%
	Personal interest	(L)	2,514,901	0.0285%
	Interest in persons acting in concert ⁽²⁾	(L)	2,196,852,449	24.929%
Mr. LI Ching Leung	Interest in a controlled corporation ⁽⁷⁾	(L)	86,858,695	0.985%
	Personal interest ⁽⁷⁾	(L)	7,830,166	0.088%
	Family interest ⁽⁷⁾	(L)	461,831	0.005%
	Interest in persons acting in concert ⁽²⁾	(L)	2,192,438,699	24.879%

Further Information on the Group

Name of substantial shareholder	Nature of interest and capacity	(L/S)*	Number of Shares held	Approximate percentage of the Company's issued share capital
JPMorgan Chase & Co. ("JPMC")	Interest in controlled corporations	(L)	67,196,874	
	Investment manager	(L)	539,155,521	
	Person having a security interest in shares	(L)	3,105,208	
	Trustee	(L)	43,600	
	Approved lending agent	(L)	183,781,194	
	Sub-total		<u>793,282,397⁽⁸⁾</u>	9.002%
	Interest in controlled corporations	(S)	52,982,787	
	Investment Manager	(S)	<u>1,510,000</u>	
	Sub-total		<u>54,492,787⁽⁹⁾</u>	0.618%

* (L) represents Long Position; (S) represents Short Position.

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 also has 19,265,333 Shares held through a joint account with his spouse, Madam KUNG Sau Wai.

Further Information on the Group

- (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., J.P.*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their 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 2,374,786 Shares held in his own name and 34,571,729 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 7,830,166 Shares held in his own name and 461,831 Shares through his spouse, Madam DY Maria Lumin.
- (8) It included an aggregate interest in 19,659,155 underlying Shares through JPMC's holding of certain unlisted derivatives (physically settled: 1,564,595 Shares; cash settled: 18,094,560 Shares).
- (9) It included an aggregate interest in 30,398,738 underlying Shares through JPMC's holding of certain listed derivatives (cash settled: 2,513,000 Shares, convertible instruments: 2 Shares) and certain unlisted derivatives (physically settled: 22,253,963 Shares; cash settled: 5,631,773 Shares).

Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other person having an interests or short positions in the Shares and the underlying Shares as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Review of the Interim Results

The Company's interim results for 1H2021 have not been audited but have been reviewed by the audit committee of the Board. The members of the audit committee of the Board are Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin, all of them are independent non-executive Directors.

EXECUTIVE DIRECTORS

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

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., J.P. (Vice Chairman) ∅<

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHENG Kwok Kin, Paul *∅<

Mr. LO Wan Sing, Vincent #+ <

Mr. KAN E-ting, Martin #∅<

* Chairman of audit committee

Members of audit committee

+ Chairman of remuneration committee

∅ 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

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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
China Guangfa Bank
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 at 30 June 2021:
HK\$16.76
Market capitalisation as at 30 June 2021:
Approximately HK\$147.7 billion

KEY DATES

Closure of register of members:
Thursday, 19 August 2021 to
Monday, 23 August 2021
(both days inclusive)

Interim dividend payable date:
Tuesday, 21 September 2021