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XINYI SOLAR HOLDINGS LIMITED

信義光能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00968)

SUPPLEMENTAL ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS SALES FRAMEWORK AGREEMENTS

The board (the “**Board**”) of directors (the “**Directors**”) of Xinyi Solar Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement (the “**Joint Announcement**”) dated 8 April 2021 jointly issued by the Company and Xinyi Electric Storage Holdings Limited on the captioned matter. Unless the context requires otherwise, the capitalised terms used in this announcement shall have the meanings as used in the Joint Announcement. The purpose of this supplemental announcement is to provide additional information on the XYS Annual Caps and the historical transaction amounts with the XES Group set forth in the Joint Announcement.

Basis adopted in determining the XYS Annual Caps

The following sets forth the factors considered by the Group in determining the XYS Annual Caps:

- (a) Based on the “*Guiding Opinions on Promoting the Development of Energy Storage Technology and Industry*” (關於促進儲能技術與產業發展的指導意見) (the “**Guiding Opinions**”) published by the PRC government in 2017, the PRC government targets to promote the energy storage industry in the following decade, which includes, among others, the use of energy storage technology to improve the level of renewable energy utilisation and the flexibility and stability of the renewable power systems. Pursuant to the “*Outline of the 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Range Objectives Through the Year 2035*” (中華人民共和國

國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要) passed by the National People's Congress in March 2021, solar farms in certain provinces/municipalities in the PRC, where some of the solar farm projects of the Group are situated, are encouraged to install energy storage systems. The Directors therefore expect that the policies requiring installation of energy storage systems will be gradually implemented by the PRC government at selected provinces/municipalities and that the Group would be required to install the energy storage systems at its solar farm projects. As of the date of the Joint Announcement, no energy storage systems have been installed at any solar farm projects of the YYS Group as all electricity can be sold to the local grid companies without any curtailment. Out of the YYS Annual Caps, the Directors estimated that an aggregate amount of RMB20.4 million, RMB75.4 million and RMB67.5 million would be attributable to the estimated purchase and installation costs of such energy storage systems and battery packs for the solar farm projects currently owned and newly constructed by the Group for the period from the Effective Date to 31 December 2021 and the two years ending 31 December 2023, respectively.

- (b) According to the Guiding Opinions, the Directors expect that complete installation would not be required within a short period of time. Hence, the Directors assumed, in the process of determining the YYS Annual Caps, that the Group is expected to be required to increase the installation percentage of energy storage system gradually in the next few years from the second half of 2021 and that 5.0% to 20.0% (depending on the requirements on different provinces/municipalities) of the total electricity generation capacity (in terms of megawatt, “MW”) of the pre-grid connected solar farm projects of the Group would be required to install the energy storage systems. On this basis, the Directors expect that solar farm projects with the electricity generation capacity of 11.8MW, 47MW and 47MW for the period from the Effective Date to 31 December 2021 and the two years ending 31 December 2023 (the “**Relevant Periods**”), respectively, would be installed with the energy storage systems. Based on the cost per watt of the energy storage systems of RMB1.659, RMB1.576 and RMB1.410 for the Relevant Periods, respectively, the estimated cost involved in the installation of the energy storage systems at the solar farm projects of the Group would therefore be RMB19.6 million, RMB74.1 million and RMB66.3 million, for the Relevant Periods, respectively.
- (c) The expected increase of approximately 483MW per annum in the solar farm projects to be constructed by the Group during the term of the YYS Sales Framework Agreement is based on the historical increases in such capacity during the period from 2014 to 2020, of which the Directors consider to be reasonable taking into consideration the prevailing regulatory environment in the PRC for renewable energy and the planned construction progress of the solar farm projects.

- (d) The amount of the XYS Annual Cap for the period from the Effective Date to 31 December 2021 is expected to be significantly less than the full year amount for the year ending 31 December 2022 as the installation of the energy storage systems is expected not to commence until the second half of 2021.
- (e) The production costs of the energy storage systems are expected to decrease with time and hence, the amount of the XYS Annual Cap for the year ending 31 December 2023 is estimated to be less than the amount of the XYS Annual Cap for the year ending 31 December 2022. The Directors confirm that the number of units of the energy storage systems proposed to be installed for those two years is assumed to remain unchanged.
- (f) The remaining balance under each of the XYS Annual Caps, i.e. RMB9.6 million, RMB6.6 million and RMB6.5 million, for the period from the Effective Date to 31 December 2021 and the two years ending 31 December 2023, respectively, represents the estimated amount of purchase and the related installation costs of (i) lithium battery packs, (ii) uninterruptible power supply lithium battery systems and (iii) other lithium battery products. These products are mainly to be used/installed in the Group's solar glass production facilities. The increase in the purchase amount of these products is to be driven by (i) the increasing use of chargeable lithium battery products for a number of plant and machinery (including the loading machines) for production purpose; (ii) the replacement of the less efficient and less environmental-friendly power systems with the latest generations of power supply products; and (iii) the increased sourcing from the XES Group as the XES Group has been developed with the required production technology and production facilities that can provide in-time supply of these products.

Decreasing historical transaction amounts with the XES Group

During the two years ended 31 December 2019, the XES Group was engaged by the Group for the provision of processing services of the battery packs and energy storage systems. Hence, the amounts during such period largely represented the service fees charged by the XES Group. The transaction amount during the year ended 31 December 2020 represented a small amount of purchase and the related installation costs of battery packs and energy storage systems from the XES Group for the XYS Group's solar glass production facilities, as the Group also purchased from other third party suppliers taking into consideration the specifications and requirements for the relevant products needed. This resulted in the decreasing amounts of such transactions for the three years ended 31 December 2020. As the XES Group currently has the required production facilities with enhanced production equipment, technology and manpower, the Directors consider that it would be more

efficient, cost-effective and commercially viable to engage the XES Group for the supply and provision of these battery packs and energy storage systems. Hence, the amounts of such transactions during the term of the XYS Sales Framework Agreement are expected to increase.

The Board confirms that the above additional information does not affect the other information contained in the Joint Announcement. Save as disclosed in this supplemental announcement, the remaining contents of the Joint Announcement with regard to the Company remain unchanged.

By order of the board of directors of
Xinyi Solar Holdings Limited
LEE Yau Ching
Executive Director and Chief Executive Officer

Hong Kong, 27 April 2021

As of the date of this announcement, the Board comprises four executive Directors, namely Dr. LEE Yin Yee, B.B.S. (Chairman of the Board), Mr. LEE Yau Ching, Mr. LI Man Yin, and Mr. CHEN Xi, two non-executive Directors, namely Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P. and Mr. LEE Shing Put, B.B.S., and three independent non-executive Directors, namely Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin.

This announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and of the Company at www.xinyisolar.com.