

**IPO FACT SHEET**
**Xinyi Energy Holdings Limited (3868)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$3,558.13m - HK\$4,424.13m
<b>Placement Tranche:</b>	1,882.61m
<b>Price:</b>	HK\$1.89 - HK\$2.35
<b>Board lot:</b>	2,000
<b>Entry fee:</b>	HK\$4,747.37
<b>Historical PE</b>	17.4x – 20.9x
<b>Net tangible asset per share:</b>	HK\$1.461 - HK\$1.589
<b>Market Cap (post-IPO):</b>	HK\$12,525.7m- HK\$15,574.3m
<b>Open:</b>	15 May 2019
<b>Close:</b>	12.00 noon on 20 May 2019
<b>Trading:</b>	28 May 2019
<b>Sponsor:</b>	BNP Paribas Securities (Asia) Limited

<b>Year ended 31 Dec</b>	<b>(HK\$'000)</b>	<b>yoy % chg</b>
Revenue		
2017	1,116,044	15.3%
2018	1,200,566	7.6%
Profit for the year attributable to equity holders of the Company		
2017	719,639	9.2%
2018	745,027	3.5%

**BACKGROUND**

- The Group is a leading non-State owned solar farm owner and operator in the PRC in terms of the approved capacity of the utility-scale ground-mounted solar farm projects in operation owned by it and under its management.
- As of the date of this prospectus, the aggregate approved capacity of its Initial Portfolio is 954 MW. Pursuant to the Target Sale and Purchase Agreement, it will acquire the utility-scale ground-mounted solar farm projects under the Target Portfolio with an approved capacity of 540 MW upon the Listing.
- The average utilization rate of the utility-scale ground-mounted solar farm projects under its Initial Portfolio during the Track Record Period was 93.0%, 106.7%, and 107.5%, respectively.
- Established and spun-off from Xinyi Solar (968 HK), it owns and operates utility-scale ground-mounted solar farm projects initially developed and constructed by Xinyi Solar.
- All its customers during the Track Record Period are local subsidiaries of the State Grid. The subsidiaries of the State Grid are the principal operators of the electricity network in the PRC. During the Track Record Period, its five largest customers contributed to 83.3%, 85.3%, and 75.3% of its revenue respectively.

**BUSINESS STRATEGIES**

- Grow its business and its Distributions by way of acquisition of long-term contracted solar farm projects.
- Diversification of its project portfolio.
- Maintain prudent capital structure and financial practices.
- Closely monitor the development of renewable energy trends and develop relevant capability.

**COMPETITIVE STRENGTHS**

- The Group is a leading non-State owned solar farm owner and operator in the PRC, which is the largest and the fastest growing solar energy market in the world.
- Its portfolio consists of grid-connected utility-scale ground-mounted solar farm projects using proven and reliable technologies with long expected asset life and low counterparty risk.

- Predictable performance of its solar farm projects and investment return certainty supported by the Feed-in-Tariff regime.
- Visible future growth supported by the Solar Farm Call Option and the Solar Farm ROFR over construction completed and grid-connected utility-scale ground-mounted solar farm projects developed or constructed by Xinyi Solar and the proven track record of Xinyi Solar in solar farm development.
- Dedicated management team.

#### KEY RISKS

- The Group is subject to the risk associated with the change in the government policy of mandatory grid connection and purchase of electricity generated from renewable energy projects.
- It is subject to the risk associated with the change in government policy of top priority in grid connection and dispatch for solar farm projects.
- Any reduction in the Feed-in-Tariff rate could materially and adversely affect its business and financial condition, operating results, and cash flows.
- It may be subject to risks and uncertainties following the issue of the 2018 Solar Power Industry Notice and the 2019 Grid Parity Notice.
- Any significant and prolonged delay in receiving the tariff adjustment under the Feed-in-Tariff regime could materially and adversely affect its business and financial condition, operating results, and cash flows.
- It is subject to the risk in collecting the trade receivables due from its customers.
- It may not be able to pay or maintain its Distributions, and such amount may not be stable as they are dependent on a number of factors, including its operating results and its ability to generate sufficient cash inflows from its operating activities.
- It is subject to the risk in relation to the expiry or discontinuation of preferential tax treatments.
- Its business growth depends on its ability to identify and successfully acquire utility-scale ground-mounted solar farm projects from Xinyi Solar and Independent Third Parties at acceptable prices.
- It relies on a limited number of customers which are local subsidiaries of the State Grid.
- Deferred payment of the Outstanding Amount would result in imputed interest to be recognized in its consolidated income statement from the year ending December 31, 2019 to the full payment of the Outstanding Amount.
- Change in the business prospects or profitability of companies to be acquired by it, including the Target Companies, may result in goodwill impairment and could adversely affect its operating results.

#### DIVIDEND POLICY

- Intend to declare and distribute interim and final Distributions in each year in an aggregate amount of not less than 90% of its Distributable Income, with an intent to distribute 100% of its Distributable Income in each year.
- During the two years ending December 31, 2020, it intends to declare and distribute interim and final Distributions representing 100% of its Distributable Income.

#### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
For the payment of the Agreed Purchase Price of the Target Acquisition.	3,473.6	90.0%
For working capital and loan refinancing for the purpose of reducing its interest expenses	386.0	10.0%
<b>Total:</b>	<b>3,859.6</b>	<b>100.0%</b>

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