

*INTERIM REPORT*  
**2016**



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

(Incorporated under the laws of the Cayman Islands with limited liability)  
Stock code: 00968

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## Financial Highlights

	Six months ended 30 June		Year ended 31 December
	2016 (Unaudited)	2015 (Unaudited)	2015 (Audited)
<i>(in HK\$'000)</i>			
Revenue	3,174,932	2,053,681	4,750,410
Profit before income tax	1,353,362	690,127	1,393,986
Profit attributable to Company's equity holders	1,115,823	601,005	1,205,597
Dividends	539,904	276,360	580,056
<i>(Number of ordinary shares ("Shares") in '000)</i>			
Weighted average number of shares in issue	6,748,800	6,370,055	6,506,866
<i>(in Hong Kong cents)</i>			
Earnings per Share			
– basic	16.53	9.43	18.53
– diluted	16.53	9.43	18.53
Dividends per Share	8.00	4.20	8.70
			At
	At 30 June		31 December
	2016 (Unaudited)	2015 (Unaudited)	2015 (Audited)
<i>(in HK\$'000)</i>			
Equity attributable to Company's equity holders	6,435,885	4,880,943	5,745,003

Dear Shareholders

On behalf of the Board (the “**Board**”) of Directors (the “**Directors**”) of Xinyi Solar Holdings Limited (the “**Company**”), I am pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**” or “**Xinyi Solar**”) for the six months ended 30 June 2016.

### INTERIM RESULTS

During the six months ended 30 June 2016, the Group recorded encouraging results in both solar glass and solar farm businesses. As compared with the same period in 2015, revenue of the Group rose by 54.6% to HK\$3,174.9 million and profit attributable to equity holders of the Company increased by 85.7% to HK\$1,115.8 million for the six months ended 30 June 2016. Basic earnings per Share were 16.53 HK cents for the six months ended 30 June 2016, as compared with 9.43 HK cents for the same period in 2015. The Board of Directors has resolved to declare an interim dividend of 8.0 HK cents per Share (2015: 4.2 HK cents).

### STRONG GROWTH IN CHINA AND INCREASING OPPORTUNITIES IN EMERGING MARKETS

According to SolarPower Europe, the global photovoltaic (“**PV**”) installation was 50.6 gigawatt (“**GW**”) in 2015, up from 40.3GW in 2014, representing a year-on-year growth of more than 25%. Recognised by the governments in different countries as a solution to mitigate the climate change, the solar energy is expected to continue to evolve and will become a core energy source in the coming years. The major PV markets recorded a remarkable growth in 2015 and the trend continued in the first half of 2016. China, United States and other emerging markets in Asia are the principal growth drivers.

Despite the slowdown in the economic growth in China, the country continues to invest in new PV capacity installation. According to the National Energy Administration (“**NEA**”), new PV capacity of 7.14GW was commissioned in the first quarter of 2016. The additional 5.3 GW installation quota — released by NEA in late September 2015 — plus the reduction in the feed-in tariff and the rush to meet quota deadlines in the first half of 2016 have boosted the PV installation in the country. The rapid development of PV installation was also noted in emerging markets such as India, Korea, Taiwan, Chile, etc.

## Chairman's Statement

Also, driven by the robust downstream PV market, the demand for the solar glass products had a significant growth in the first half of 2016.

### CAPACITY EXPANSION TO SUPPORT FUTURE GROWTH

Having added two 900 tonnes/day ultra-clear PV raw glass ("PV Raw Glass") production lines in late 2014 and upgraded the 500 tonnes/day PV Raw Glass production line to 600 tonnes/day in 2015, the Group has become the world's largest solar glass manufacturer with an aggregated melting capacity of 3,900 tonnes/day. The timely expansion of capacity has enabled the Group to capture business in the rapidly growing global PV market for a bigger market share. In the first half of 2016, the Group's solar glass sales volume increased by 50.2% compared with the same period last year.

The construction work of new solar glass production facilities is in progress smoothly in Malaysia and China. The 900 tonnes/day PV Raw Glass production line in Malaysia is expected to commence commercial operation in the last quarter of 2016, to be followed by two 1,000 tonnes/day PV Raw Glass production lines in Anhui province, the PRC, which are expected to commence operation before end of 2016 and the first quarter of 2017 respectively.

Apart from enabling the Group to meet the growing demand of the global PV market, the expansion in the production capacity has also boosted the economy of scale benefits for the Group and helped strengthen the competitive edge of the Group's solar glass business. With the production base in Malaysia to commence commercial production in the last quarter of 2016, the Group can provide better services to its customers in the Southeast Asia, enjoy the preferential import duty and reduce the production and delivery time and costs. The Group is confident that with the solid experience accumulated over the years in the solar glass industry, it can achieve technological breakthrough by using new production and technical know-how to further improve the production efficiency.

### COST AND PRODUCTION EFFICIENCY IMPROVEMENT

For the six-month period under review, the margin of the Group's solar glass business improved significantly because of the decreases in the cost of natural gas started from late 2015 and the enhanced production efficiency. The Group has continuously improved the production process of its solar glass products so as to improve the cost competitiveness. Related measures such as streamlining and automation of the production processes, continuous improvement in the production technology, strengthening the operational management and the reduced usage and recycling of the packaging materials have been taken by the Group during the six-month under review to enhance production yield and cost efficiency.

### INCREASED CONTRIBUTION FROM SOLAR FARMS

With the increasing number of solar farms in operation since the second half of 2015, the solar farm and solar power generation business generated notably increasing amount of revenue and profit to the Group, accounting for 15.0% and 23.3% of the Group's total revenue and gross profit for the six months ended 30 June 2016.

Grid curtailment and delay in subsidy payments remain the two major challenges to PV development in China. As all solar farms of the Group are located in the regions with high electricity demand, such as Anhui, Hubei, Fujian and Tianjin, the Group's solar power generation business has not experienced any grid-curtailment issue. The Directors understand that in order to mitigate the shortfall of the Renewable Energy Fund and speed up solar subsidy payment, the China National Development and Reform Commission ("NDRC") has increased renewable energy surcharge by 27% from RMB0.015/kWh to RMB0.019/kWh effective from 1 January 2016.

NDRC also announced the reduction in the feed-in tariff in late 2015. For solar projects granted under the 2016 targets, the feed-in tariffs for zone 3 are reduced by 2% to RMB0.98/kWh. This reduction and the authority encouraging tariff-based competitive bidding for the allocation of installation quota have raised concerns about the level of investment return on solar farm projects. However, as installation costs continue to decline as a result of technology advancement and capacity expansion, the Group remains optimistic and confident that its new solar farm projects can provide investment return no less than that of the existing ones.

## Chairman's Statement

### CONTINUOUS INNOVATION IN SOLAR FARM DEVELOPMENT

The encouraging performance of the Group's solar farm business was owed much to its portfolio of carefully located high-quality solar farms, continuously declining installation costs as well as its effective operational and management controls. The Group also has a professional EPC team and an extensive network comprising suppliers along the solar value chain.

Amongst the Group's priority is the innovation in using different technologies and designs in its solar farms to boost the solar power generation efficiency. Currently, double glass modules are widely used in the Group's newly built solar farms. This can reduce the degradation and enhance the durability of the module as well as extend its lifespan by 5 to 10 years. Feasibility studies are underway on the use of mono crystal silicon solar cells, bifacial solar panel, solar tracking system and rotating platform in its solar farms.

Floating solar farm is another innovation achieved by the Group during the six-month period under review. The Group's 20 megawatt ("MW") floating solar power farm in Huainan, Anhui Province completed on-grid connection and started the power generation from end of March 2016. This solar farm, with solar modules installed on a series of floating bases, is installed on the water surface of a coal mining subsidence area. Compared with the conventional solar farm, it does not require a parcel of land for installation and can help reduce the water evaporation and restrain the algae growth. At the same time, the water may also be used to cool down the solar modules and the power cables, and this improves the efficiency of power generation of the solar farm. The completion of this floating solar farm project has enriched the Group's experience in constructing solar farm in coal mining subsidence area and create other PV development opportunities for it in future.

### EPC SERVICE — TO EXPLORE THE POTENTIAL OF DISTRIBUTED GENERATION MARKET

To broaden its presence in the PV downstream market, the Group also provides its customers with EPC services for commercial and residential distributed generation projects. The Group targets to participate in different types of EPC projects in 2016, including poverty alleviation programmes, and residential and commercial projects. EPC service, though not a key profit contributor of the Group, can help the Group exploit potential of the distributed generation market and enhance market penetration.

In its bid to develop business presences and explore new business opportunities in the North American market, the Group acquired 60% equity interest in Polaron Solartech Corporation (“**Polaron Solartech**”) for a consideration of Canadian Dollars 1.50 million (equivalent to HK\$8.96 million) in April 2016. Polaron Solartech is a solar power system provider in Canada, which specialises in solar project design and development, financial planning, permit acquisition as well as installation and maintenance services of solar energy systems. Through the investment in Polaron Solartech, the Group aims to gain more PV development experience in different distributed generation markets.

### BUSINESS OUTLOOK

With the global macroeconomic environment remains uncertain, the Directors expect the overall business environment in the PRC to continue to be volatile and challenging during the second half of 2016. Short-term slowdowns or fluctuations of PV demand may occur in some countries, but steady growth is still anticipated for the overall global market in the long run.

According to the NEA release in June 2016, China plans to add 18.1GW in the PV installation capacity in 2016. Taking into account the installation in the six municipalities/provinces with no quota limit (namely Beijing, Tianjin, Shanghai, Chongqing, Tibet and Hainan) and that there is government sponsored program on the PV poverty alleviation, the PV installation in China is expected to reach more than 20GW in the year. The release of this new target can breed additional downstream demand thus help sustain the growth momentum of the solar glass market in the coming few quarters.



## Chairman's Statement

Price rises of solar glass products — mainly in the last quarter of 2015 and the first quarter of 2016 — allow the less-competitive solar glass manufacturers to earn profit and to resume the suspended solar glass capacities. With the inventory of solar glass manufacturing companies remaining low in the first half of 2016 and the global PV market continuing to grow, the new capacity is not expected to create significant and enduring pressure on solar glass prices. Leveraged on the competitive advantages, the Directors are confident that the Group will be able to further increase its market share with the capacity expansion including the new 900 tonnes/day PV Raw Glass production line in Malaysia and the two new 1,000 tonnes/day PV Raw Glass production lines in Anhui province, the PRC, enabling us to grasp opportunities in the growing market in coming years and reinforcing our leadership as the world's largest solar glass manufacturer.

With the continuous efforts in the past few years, the Group has further developed its business from solar glass manufacturing to the downstream solar farm development and operation, and has created a balanced business model with diversified source of revenue. The Group will continue to explore the new opportunities to invest in solar farms in China as the business is expected to be the key development focus in the future.

As at 30 June 2016, the Group had around 1,074MW grid-connected solar farm projects, which included 20MW wholly-owned projects, 954MW projects held by 75%-owned subsidiaries and a 100MW project held by a joint venture. The Directors are cautious about the later-than-expected release of 2016 installation target by the NEA may result in the possible delay in the granting of installation quota of solar farms for 2016. Nevertheless, the Group will push forward efforts to achieve its installation target of 1.7GW cumulative installed capacity by end of 2016.

### CONCLUSION

Timely expansion and continuous efficiency improvement have driven the rapid growth of the Group's solar glass business amidst the keen competition. The solar farm business, which has achieved a remarkable growth, not only provides the Group with a stable and predictable source of income, but also adds to the capability of the Group in promoting and selling the solar glass products and giving the Group a better control of the solar glass receivables. Looking forward, the Group will continue the concurrent developments of its solar glass and solar farm businesses. The PV market is competitive and changing rapidly, but it also has ample business opportunities. The Directors believe, through the continuous technical advancement and production efficiency improvements, the Group will be able to strengthen its competitiveness for the development of other business opportunities and drive a sustainable business growth.

Last but not least, I would like to extend my sincere thanks and appreciations to fellow Board members, shareholders, customers, suppliers, business partners and all the employees for their continuous supports and contributions to the Group.

**Datuk LEE Yin Yee, B.B.S**

*Chairman*

Hong Kong, 2 August 2016

# Management's Discussion and Analysis

## OVERVIEW

The first half in a year is generally the slack season for the PV industry in China. The industry performance during the six months ended 30 June 2016 was, however, entirely different. Driven by the reduction in the feed-in tariff and the quota deadline on 30 June 2016, PV installation in China grew significantly. With the benefit from the strong downstream demand for solar modules, the sales volume of solar glass of the Group increased. This business growth, together with reduction in the cost of natural gas and the improvement in the production efficiency, contributed to the good performance of the Group's solar glass business during the six months ended 30 June 2016. In addition, the revenue and the profit contributions from the Group's solar farm business also recorded remarkable growth during the six-month period under review, primarily due to the continuous increases in the installed capacity since the second half of 2015.

During the six months ended 30 June 2016, the Group achieved a consolidated revenue of HK\$3,174.9 million, representing an increase of 54.6% as compared with the same period in 2015. Profit attributable to the equity holders of the Company increased by 85.7% to HK\$1,115.8 million. Basic earnings per share were 16.53 HK cents for the six months ended 30 June 2016, as compared with 9.43 HK cents for the same period in 2015.

## FINANCIAL REVIEW

### REVENUE

For the six months ended 30 June 2016, the revenue of the Group was mainly derived from three business segments: (i) sales of solar glass; (ii) solar farm and solar power generation; and (iii) EPC service income. With increasing number of solar farms in operation, there was a significant increase in the revenue contribution from the solar farm and solar power generation business, which has become an important business segment of the Group. This business segment accounted for about 15.0% and 23.3% of the total revenue and gross profit of the Group, respectively, for the six-month period under review.

#### Revenue — By product

	Six Months Ended 30 June					
	2016		2015		Increase/(Decrease)	
	HK\$' million	% of revenue	HK\$' million	% of revenue	HK\$' million	%
Sales of solar glass	2,417.7	76.1	1,600.5	77.9	817.2	51.1
Solar farm and solar power generation	476.2	15.0	136.8	6.7	339.4	248.1
EPC service income	281.1	8.9	316.3	15.4	(35.2)	(11.1)
<b>Total external revenue*</b>	<b>3,174.9</b>	<b>100.0</b>	<b>2,053.7</b>	<b>100.0</b>	<b>1,121.4</b>	<b>54.6</b>

\* Because of rounding differences, aggregate of individual amounts may not tie up with the total amounts.

## Management's Discussion and Analysis

### Solar glass revenue — By geographical market

	Six Months Ended 30 June					
	2016		2015		Increase/(Decrease)	
	HK\$'	% of	HK\$'	% of	HK\$'	%
	million	revenue	million	revenue	million	%
Mainland China	2,077.5	85.9	1,261.2	78.8	816.3	64.7
Other countries	340.2	14.1	339.3	21.2	0.9	0.3
	<u>2,417.7</u>	<u>100.0</u>	<u>1,600.5</u>	<u>100.0</u>	817.2	51.1

Because of the installation rush triggered by the reduction in the feed-in tariff and quota deadline on 30 June 2016, China's PV installation showed no seasonal slowdown but a sharp rise during the first half of the year. Together with the robust demand from North America and other emerging markets, these developments sustain the continuous increases in the global PV installation during the six months ended 30 June 2016. The demand for solar panels as well as the solar glass remained strong throughout the six-month period under review.

For the six months ended 30 June 2016, the Group's solar glass sales revenue increased by 51.1% to HK\$2,417.7 million, primarily due to the increase in the sales volume of solar glass by 50.2%. There was no material change in the average selling prices of solar glass as compared with the same period in 2015. The average selling prices of solar glass rebounded during the last quarter of 2015 and continued on the upward trend in the first half of 2016, particularly in the first quarter and but relatively stable in the second quarter, to the level which is generally the same as in the first half of 2015.

Taking into account the higher average selling prices and profit margins for ultra-clear PV processed glass ("PV Processed Glass") as compared with PV Raw Glass, the Group continues to optimise its product mix focusing on the production of the PV Processed Glass. For the six months ended 30 June 2016, sales of the PV Raw Glass accounted for 2.3% (2015: 3.9%) of the Group's total solar glass revenue. The sales of PV Raw Glass and PV Processed Glass were thus aggregated and disclosed as a single segment "Sales of solar glass" for the six-month period under review.

## Management's Discussion and Analysis

The Group's export sales of solar glass to Japan decreased and the domestic sales in China increased, which changed the geographical mix of its solar glass sales for the period. The percentage of export sales revenue decreased from 21.2% during the six months ended 30 June 2015 to 14.1% during the six-month period under review.

For the six months ended 30 June 2016, the Group's revenue generated from the solar farm and solar power generation business was derived from solar farms as follows:

Location	Six Months Ended 30 June			
	2016		2015	
	Approved capacity (MW)	Effective operating months	Approved capacity (MW)	Effective operating months
<b>Completed projects</b>				
1) Jinzhai, Lu'an, Anhui province	150	6	150	6
2) Sanshan, Wuhu, Anhui province	100	6	100	6
3) Nanping, Fujian province	30	6	30	3
4) Lixin County, Bozhou, Anhui province				
– Phase 1	40	6	—	—
– Phase 2*	100	5	—	—
5) Wuwei County, Wuhu, Anhui province	100	6	—	—
6) Hongan, Hubei province				
– Phase 1	50	6	—	—
– Phase 2*	50	5	—	—
7) Fanchang, Anhui province				
– Phase 1	40	6	—	—
– Phase 2*	20	1	—	—
8) Shou County, Lu'an, Anhui province	100	6	—	—
9) Tianjin Binhai*	174	3	—	—
10) Huainan City, Anhui province*	20	3	—	—
<b>Total</b>	<b>974</b>		<b>280</b>	

\* Projects completed in the first half of 2016, total approved capacity 364 MW.

## Management's Discussion and Analysis

As at 30 June 2016, the Group had 10 ground-mounted solar farms in operation. The aggregate grid-connected capacity increased continuously and substantially from 280MW as at 30 June 2015 to 610MW as at 31 December 2015 and 974MW as at 30 June 2016, driving up the amount of the revenue generated from the solar farm and the solar power generation business by 248.1% from HK\$136.8 million in the first half of 2015 to HK\$476.2 million in the first half of 2016.

Same as other solar farm operators in China, the Group also experiences delay in collecting the subsidy (tariff adjustment receivable) from the PRC government for the solar power generation. As at 30 June 2016, the Group had outstanding receivables for the sales of electricity of HK\$69.8 million (31 December 2015: HK\$21.3 million) and the tariff adjustment (subsidy) receivable of HK\$563.3 million (31 December 2015: HK\$224.8 million). The receivables from sales of electricity are generally settled on a monthly basis by the state grid companies in the PRC. The tariff adjustment (subsidy) receivables are settled by the state grid companies in accordance with applicable government policies. Recently, the PRC government has adopted different measures to shorten the delay, including increasing the amount of the renewable energy surcharge for the purpose of reducing the shortfall in the renewable energy fund and the processing of the sixth batch of renewable energy tariff subsidy applications.

EPC service income of the Group decreased by 11.1% from HK\$316.3 million for the six months ended 30 June 2015 to HK\$281.1 million for the six months ended 30 June 2016. EPC service income for the review period included: (i) HK\$138.0 million from a residential distribution generation solar farm project in Anhui province; (ii) HK\$124.6 million from a 100MW ground-mounted joint venture solar farm project owned 50% by the Group; and (iii) HK\$18.5 million from other miscellaneous projects.

Since most EPC contracts are of one-time or ad-hoc nature, EPC service is considered by the Group as a supplementary business and an additional source of revenue, plus a platform on which to prepare itself for growing distributed generation PV installation business in China in future. Currently, the development focus of the Group is still on utility scale ground-mounted solar farms.

### GROSS PROFIT

The Group's gross profit increased by HK\$797.9 million, or 105.8%, from HK\$754.3 million during the six months ended 30 June 2015 to HK\$1,552.2 million during the six months ended 30 June 2016. The significant increase in amount of the gross profit was mainly due to the rise in sales volume of solar glass and the increase in revenue contributions from the solar farm business. The overall gross profit margin increased to 48.9% (2015: 36.7%), primarily due to: (i) improvement in cost and production efficiency of the solar glass business; and (ii) increased contributions from the solar farm and solar power generation business, which has higher gross profit margins than the solar glass business.

For the six months ended 30 June 2016, the gross margin of the Group's solar glass segment increased 10.9% to 46.4% (2015: 35.5%). With no substantial year-on-year change in the average selling price of solar glass, the margin increase was mainly attributable to the drop in production costs as a result of: (i) natural gas price cut in the PRC in November 2015; (ii) the higher efficiency ramp-up with new capacity added in previous year; and (iii) the continuous advancement in reducing the production cost and enhancing the production yield.

With the increasing installed capacity and more solar farms commencing commercial operation, the solar farm business has become a major source of profit of the Group. During the six-month period under review, gross profit contribution from the segment increased significantly by 270.8% to HK\$361.1 million (2015: HK\$97.4 million) and accounted for 23.3% (2015: 12.9%) of the gross profit of the Group. The improvements in the power generation efficiency and declining installation costs help to improve the gross margin of the segment to 75.8% for the six months ended 30 June 2016 (2015: 71.2%).

### OTHER INCOME

During the six months ended 30 June 2016, the Group's other income increased by HK\$5.5 million to HK\$83.9 million, as compared to the HK\$78.4 million recorded for the same period last year. The increase was principally the result of contribution from early settlement with suppliers. It was however partially set off by the decrease in certain one-off government grants.



## Management's Discussion and Analysis

### OTHER GAINS, NET

Other gains, net decreased by HK\$60.4 million to HK\$1.3 million for the six months ended 30 June 2016 from HK\$61.7 million for the six months ended 30 June 2015. The decrease was mainly due to the recognition of a deemed disposal gain of HK\$62.5 million in relation to a 100MW joint venture solar farm project in Jinzhai, Anhui province in the first half of 2015, but not 2016.

### SELLING AND MARKETING EXPENSES

The Group's selling and marketing expenses increased by 13.5% from HK\$78.7 million in the first half of 2015 to HK\$89.3 million in the first half of 2016. The increase stemmed primarily from the increase in sales volume of solar glass. The Group's selling and marketing expenses to revenue ratio decreased from 3.8% to 2.8% in the relevant periods because: (i) more sales were made to the PRC domestic markets; and (ii) solar power electricity generation and EPC service businesses incurred fewer selling and marketing expenses than the solar glass business.

### ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased by HK\$51.6 million, or 40.1%, from HK\$128.6 million for the six months ended 30 June 2015 to HK\$180.2 million for the six months ended 30 June 2016. The increase was mainly attributable to the increase in: (i) research and development expenditures of HK\$19.8 million; (ii) staff cost and benefits of HK\$14.1 million; and (iii) bank charges of HK\$9.4 million. However, because of economies of scale and certain expenses being fixed, the Group managed to reduce its administrative expenses to revenue ratio from 6.3% for the six months ended 30 June 2015 to 5.7% for the six months ended 30 June 2016.

## Management's Discussion and Analysis

### FINANCE COSTS

The Group's finance costs increased from HK\$4.7 million (or HK\$21.9 million before capitalisation) in the first half of 2015 to HK\$35.2 million (or HK\$51.2 million before capitalisation) in the first half of 2016. The increase was mainly attributable to new bank borrowings made by the Group to finance the capital expenditures for its solar farm projects and new solar glass production lines. During the period under review, interest expense of HK\$16.0 million (2015: HK\$17.2 million) was capitalised into the construction costs of different solar farms and solar glass production facilities. The capitalised amounts would depreciate together with the relevant assets over their estimated useful lives.

### SHARE OF PROFIT OF A JOINT VENTURE

For the six months ended 30 June 2016, the Group recorded share of profit of a joint venture of HK\$13.4 million, which is attributable to the contribution from Xinyi Solar (Lu'an) Company Limited, a 50%-owned joint venture engaging in the management and operation of a 100 MW solar farm in Lu'an, Anhui Province, the PRC.

### INCOME TAX EXPENSE

The Group's income tax expense increased from HK\$89.1 million for the six months ended 30 June 2015 to HK\$153.8 million for the six months ended 30 June 2016. The percentage increase was much lower than the percentage increase in profit before income tax because the Group's profits from solar power electricity generation are fully exempted from corporate income tax for three years starting from the solar farm's first year of profitable operations, to be followed by a 50% reduction in corporate income tax in the subsequent three years. The effective tax rates were 11.4% and 12.9% respectively for the six months ended 30 June 2016 and the same period in 2015.

# Management's Discussion and Analysis

## EBITDA AND NET PROFIT

For the six months ended 30 June 2016, the Company's EBITDA (earnings before interest, taxation, depreciation and amortisation) was HK\$1,572.6 million, representing an increase of 99.2% as compared to HK\$789.5 million for the six months ended 30 June 2015. The Company's EBITDA margin (calculated based on total revenue for the period) was 49.5% for the six months ended 30 June 2016 as compared to 38.4% for the six months ended 30 June 2015.

Net profit attributable to equity holders of the Company for the six months ended 30 June 2016 was HK\$1,115.8 million, representing an increase of 85.7%, as compared to HK\$601.0 million for the six months ended 30 June 2015. Net profit margin increased to 35.1% for the six months ended 30 June 2016 from 29.3% for the six months ended 30 June 2015, mainly due to: (i) the higher margin of solar farm and solar power generation business; and (ii) continued improvement in cost and production efficiency of the Group's solar glass business.

## FINANCIAL RESOURCES AND LIQUIDITY

The Group enjoys the benefits of high liquidity, and it remained in a strong financial position for the six months ended 30 June 2016. During the period, the total assets of the Group increased by 24.2% to HK\$15,810.1 million and shareholders' equity increased by 12.0% to HK\$6,435.9 million. The Group's current ratio as at 30 June 2016 was 1.12, compared to 1.81 as at 31 December 2015. The decrease was mainly due to the decrease in cash and cash equivalents and increase in bank borrowings to finance the capital expenditures for solar farm development.

## Management's Discussion and Analysis

For the six months ended 30 June 2016, the Group's primary source of funding included cash generated from its operating activities and the bank borrowings. Net cash inflow from operating activities amounted to HK\$434.6 million (2015: HK\$117.8 million). The increase in net cash inflow was primarily attributable to the increase in revenue from the Group's solar glass and solar farm business, partially offset by the increase in tariff adjustments receivables and value-added tax receivables as a result of the expanded solar farm operation and increase in trade receivables of the Group's solar glass business. Net cash used for investing activities amounted to HK\$3,022.4 million (2015: HK\$1,229.4 million). The significant increase was primarily due to capital expenditures incurred by solar farm projects as well as new solar glass production lines. Net cash generated from financing activities amounted to HK\$1,481.1 million (2015: HK\$1,637.0 million). During the period under review, the Group secured new bank borrowings of HK\$1,653.9 million, repaid bank borrowings of HK\$172.9 million and made no equity fund-raising.

The Group's net debt gearing ratio as at 30 June 2016 was 51.5% (31 December 2015: 16.5%). This ratio is based on bank borrowings and bills payable less cash and bank balances divided by the total equity of the Group. The gearing level of the Group increased during the review period primarily due to the increase in bank borrowings to finance the capital expenditures for solar farm development.

### CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of HK\$3,028.6 million for the six months ended 30 June 2016 which was primarily used in the development of the solar farm projects in China as well as the construction of new solar glass production capacities in China and Malaysia.

Capital commitments contracted for but not incurred by the Group as at 30 June 2016 amounted to HK\$2,107.2 million, which were mainly related to the development and construction of the solar farm projects in China, the 900 tonnes/day PV Raw Glass production line in Malaysia and the two 1,000 tonnes/day PV Raw Glass production lines in China.

## Management's Discussion and Analysis

### PLEDGE OF ASSETS

No assets of the Group were pledged as security for bank borrowings as of 30 June 2016.

### CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any significant contingent liabilities.

### MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Except as disclosed in note 13 to the condensed consolidated financial information, there was no material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2016.

### TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group mainly operates in China with most of its significant transactions denominated and settled in RMB and US Dollar ("USD"). Given the pegged exchange rate between HKD and USD, the Directors do not foresee that the Group will be exposed to significant exchange rate risk for transactions conducted in HKD or USD. However, exchange rate fluctuations between RMB and HKD or RMB and USD could affect the Group's performance and asset value.

Because of the depreciation of RMB against HKD and USD, the Group reported non-cash translation losses — a reduction in the reserve of its consolidated balance sheet — when converting RMB-denominated assets into HKD. For the six months ended 30 June 2016, exchanges losses of HK\$123.2 million were recorded as the exchange reserve movement, increasing the consolidated exchange reserve account from debit balance of HK\$331.9 million at 31 December 2015 to debit balance of HK\$455.1 million at 30 June 2016. For the Group's solar farm business, the revenue from solar power electricity generation is denominated in RMB while the bank borrowings are mostly denominated in HKD, the Group would strike a balance to minimise the risk of currency mismatch between the source of revenue with bank borrowings and the advantage of the lower borrowing rates of HKD as compared to those of the RMB.

## Management's Discussion and Analysis

The Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations. The Group may use financial instruments for hedging purposes as and when required. During the six months ended 30 June 2016, the Group did not use any financial instrument for hedging purpose.

### EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had about 2,920 full-time employees, with the majority based in China. The total staff costs, including the emoluments of the Directors, amounted to HK\$115.8 million for the six months ended 30 June 2016.

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

Pursuant to the applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administrated by the responsible Chinese government authorities for the Group's employees in Mainland China. For the Group's employees in Hong Kong, all the arrangements pursuant to the mandatory provident fund requirements prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) are duly implemented.

### SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company in June 2014, 6,070,000 share options were granted to selected employees and an executive director in March 2016. The validity period of the options is from 23 March 2016 to 31 March 2019. One third of the options will vest on each of the year-end date of 2016, 2017 and 2018 if each grantee has met the conditions of vesting as stated in the letter of grant.

## Condensed Consolidated Income Statement

	Note	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	3	3,174,932	2,053,681
Cost of sales	7	<u>(1,622,749)</u>	<u>(1,299,389)</u>
<b>Gross profit</b>		<b>1,552,183</b>	<b>754,292</b>
Other income	4	83,878	78,376
Other gains, net	5	1,334	61,690
Selling and marketing expenses	7	<u>(89,272)</u>	<u>(78,748)</u>
Administrative and other operating expenses	7	<u>(180,207)</u>	<u>(128,639)</u>
<b>Operating profit</b>		<b>1,367,916</b>	<b>686,971</b>
Finance income	6	7,231	7,890
Finance costs	6	<u>(35,197)</u>	<u>(4,734)</u>
Share of profits of a joint venture	12	<u>13,412</u>	<u>—</u>
<b>Profit before income tax</b>		<b>1,353,362</b>	<b>690,127</b>
Income tax expense	8	<u>(153,808)</u>	<u>(89,122)</u>
<b>Profit for the period</b>		<b><u>1,199,554</u></b>	<b><u>601,005</u></b>
<b>Profit attributable to:</b>			
– the equity holders of the Company		1,115,823	601,005
– non-controlling interests		<u>83,731</u>	<u>—</u>
		<b><u>1,199,554</u></b>	<b><u>601,005</u></b>
<b>Earnings per share attributable to the equity holders of the Company</b> (Expressed in HK cents per share)			
– Basic	9	<u>16.53</u>	<u>9.43</u>
– Diluted	9	<u>16.53</u>	<u>9.43</u>

Details of interim dividends for the period are disclosed in note 10.

## Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>1,199,554</b>	<b>601,005</b>
<b>Other comprehensive income, net of tax:</b>		
Items that may be reclassified to profit or loss		
Share of other comprehensive income of a joint venture accounted for under equity method		
– Share of currency translation differences	(2,136)	—
Currency translation differences	(139,284)	(5,383)
<b>Total comprehensive income for the period</b>	<b>1,058,134</b>	<b>595,622</b>
<b>Total comprehensive income for the period attributable to:</b>		
– the equity holders of the Company	992,629	595,622
– non-controlling interests	65,505	—
	<b>1,058,134</b>	<b>595,622</b>



## Condensed Consolidated Balance Sheet

		As at	
		30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	9,832,075	7,104,061
Land use rights	11	215,655	180,372
Prepayments for property, plant and equipment, land use rights and operating leases	15	623,941	380,457
Investment in a joint venture	12	222,194	175,263
Deferred income tax assets		1,442	1,442
Goodwill	13	1,066	—
<b>Total non-current assets</b>		<b>10,896,373</b>	<b>7,841,595</b>
<b>Current assets</b>			
Inventories		224,947	199,078
Amounts due from customers for construction work		60,486	33,046
Trade and bills receivables	14	1,536,527	853,625
Prepayments, deposits and other receivables	15	1,178,570	780,116
Amount due from a joint venture	21(b)	156,933	158,470
Cash and cash equivalents		1,756,307	2,868,703
<b>Total current assets</b>		<b>4,913,770</b>	<b>4,893,038</b>
<b>Total assets</b>		<b>15,810,143</b>	<b>12,734,633</b>

## Condensed Consolidated Balance Sheet

		As at	
		30 June 2016	31 December 2015
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	17	674,880	674,880
Share premium	17		
– Dividend		539,904	303,696
– Others		<u>2,108,790</u>	<u>2,648,694</u>
		<b>3,323,574</b>	<b>3,627,270</b>
Other reserves		57,704	180,693
Retained earnings		<u>3,054,607</u>	<u>1,937,040</u>
		<b>6,435,885</b>	<b>5,745,003</b>
Non-controlling interests		<u>1,217,135</u>	<u>1,146,365</u>
<b>Total equity</b>		<u><b>7,653,020</b></u>	<u><b>6,891,368</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	19	3,754,792	3,116,052
Deferred income tax liabilities		<u>17,340</u>	<u>17,340</u>
<b>Total non-current liabilities</b>		<u><b>3,772,132</b></u>	<u><b>3,133,392</b></u>

## Condensed Consolidated Balance Sheet

	Note	As at	
		30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
<b>Current liabilities</b>			
Bank borrowings	19	1,316,520	474,212
Trade and bills payables, accruals and other payables	16	2,627,080	2,156,399
Amounts due to related companies	21	17,849	4,272
Dividend payable		303,696	—
Current income tax liabilities		119,846	74,990
<b>Total current liabilities</b>		<u>4,384,991</u>	<u>2,709,873</u>
<b>Total liabilities</b>		<u>8,157,123</u>	<u>5,843,265</u>
<b>Total equity and liabilities</b>		<u>15,810,143</u>	<u>12,734,633</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 2016	<u>674,880</u>	<u>2,952,390</u>	<u>180,693</u>	<u>1,937,040</u>	<u>5,745,003</u>	<u>1,146,365</u>	<u>6,891,368</u>
<b>Comprehensive income</b>							
Profit for the period	—	—	—	1,115,823	1,115,823	83,731	1,199,554
<b>Other comprehensive income</b>							
Currency translation differences							
– Group	—	—	(121,058)	—	(121,058)	(18,226)	(139,284)
– Joint venture	—	—	(2,136)	—	(2,136)	—	(2,136)
<b>Total comprehensive income for the period</b>	<u>—</u>	<u>—</u>	<u>(123,194)</u>	<u>1,115,823</u>	<u>992,629</u>	<u>65,505</u>	<u>1,058,134</u>
<b>Transactions with owners</b>							
Acquisition of a subsidiary	—	—	—	—	—	5,265	5,265
Employee's share option scheme							
– value of employee services	—	—	1,949	—	1,949	—	1,949
– release of share option reserve upon exercise and lapse of share options	—	—	(1,744)	1,744	—	—	—
Dividend relating to 2015	—	(303,696)	—	—	(303,696)	—	(303,696)
<b>Balance at 30 June 2016</b>	<u>674,880</u>	<u>2,648,694</u>	<u>57,704</u>	<u>3,054,607</u>	<u>6,435,885</u>	<u>1,217,135</u>	<u>7,653,020</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 2015	<u>608,000</u>	<u>1,779,076</u>	<u>72,774</u>	<u>846,038</u>	<u>3,305,888</u>	<u>—</u>	<u>3,305,888</u>
<b>Comprehensive income</b>							
Profit for the period	—	—	—	601,005	601,005	—	601,005
<b>Other comprehensive income</b>							
Currency translation differences	—	—	(5,383)	—	(5,383)	—	(5,383)
<b>Total comprehensive income for the period</b>	<u>—</u>	<u>—</u>	<u>(5,383)</u>	<u>601,005</u>	<u>595,622</u>	<u>—</u>	<u>595,622</u>
<b>Transactions with owners</b>							
Issuance of shares	50,000	1,086,975	—	—	1,136,975	—	1,136,975
Employee's share option scheme							
– value of employee services	—	—	378	—	378	—	378
– release of share option reserve upon exercise and lapse of share options	—	—	(2,073)	2,073	—	—	—
Dividend relating to 2014	—	(157,920)	—	—	(157,920)	—	(157,920)
<b>Balance at 30 June 2015</b>	<u>658,000</u>	<u>2,708,131</u>	<u>65,696</u>	<u>1,449,116</u>	<u>4,880,943</u>	<u>—</u>	<u>4,880,943</u>

## Condensed Consolidated Statements of Cash Flows

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Operating cash flow before working capital changes	1,395,318	705,898
Changes in working capital:		
Inventories	(20,136)	(109,414)
Trade and other receivables	(1,125,145)	(898,339)
Trade and bills payables, accruals and other payables	174,306	419,658
Others	10,302	—
	<b>434,645</b>	<b>117,803</b>
<b>Cash flows from operating activities - net</b>	<b>434,645</b>	<b>117,803</b>
<b>Cash flows from investing activities</b>		
Prepayments of land use rights and operating leases	(61,228)	(104,599)
Purchases of property, plant and equipment	(2,967,396)	(1,132,648)
Acquisition of a subsidiary	(997)	—
Other investing activities	7,231	7,890
	<b>(3,022,390)</b>	<b>(1,229,357)</b>
<b>Cash flows from investing activities - net</b>	<b>(3,022,390)</b>	<b>(1,229,357)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issuance of ordinary shares	—	1,136,975
Proceeds from bank borrowings	1,653,905	500,000
Repayment of bank borrowings	(172,857)	—
	<b>1,481,048</b>	<b>1,636,975</b>
<b>Cash flows from financing activities - net</b>	<b>1,481,048</b>	<b>1,636,975</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		
	<b>(1,106,697)</b>	<b>525,421</b>
Cash and cash equivalents at beginning of the period	2,868,703	542,726
Effect of foreign exchange rate changes	(5,699)	—
	<b>1,756,307</b>	<b>1,068,147</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,756,307</b>	<b>1,068,147</b>

# Notes to the Condensed Consolidated Financial Information

## 1 GENERAL INFORMATION

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

This unaudited condensed consolidated interim financial information is presented in thousands of units 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 2016.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2016 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 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 December 2015, as described in 2015 annual financial statements.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

# Notes to the Condensed Consolidated Financial Information

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

### (a) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The following amendments to standards are effective for accounting periods beginning on or after 1 January 2016. The adoption of which does not have any significant impact to the results and financial position of the Group.

#### HKAS 1 (Amendment) “Disclosure initiative”

- The amendments clarify guidance in HKAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

#### HKAS 27 (Amendment) “Equity method in separate financial statements”

- The amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

#### Annual Improvements 2014

- HKAS 34 “Interim financial reporting”. It clarifies what is meant by the reference in the standard to “information disclosed elsewhere in the interim financial report”. It also amends HKAS 34 to require a cross-reference from the interim financial statements to the location of that information.
- HKFRS 7 “Financial instruments: disclosures”. It clarifies the additional disclosure required by the amendments to HKFRS 7, “Disclosure — offsetting financial assets and financial liabilities” is not specifically required for all interim periods, unless required by HKAS 34.



## Notes to the Condensed Consolidated Financial Information

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

- (b) The following new and amended standards are effective for accounting periods beginning on or after 1 January 2016 but not relevant to the Group:

		Effective for accounting periods beginning on or after
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: bearer plants	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Investment Entities: applying the consolidation exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
Annual Improvements 2014		
– HKAS 19	Employee benefits	1 January 2016
– HKFRS 5	Non-current assets held for sale and discontinued operations	1 January 2016

# Notes to the Condensed Consolidated Financial Information

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

- (c) The following new and amended standards have been issued but are not effective for the accounting period beginning on 1 January 2016 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

## 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	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of solar glass	<u>2,417,655</u>	<u>1,600,543</u>
Solar farm and solar power generation		
– Sales of electricity	179,857	57,264
– Tariff adjustment	<u>296,295</u>	<u>79,526</u>
	<u>476,152</u>	<u>136,790</u>
EPC service income	<u>281,125</u>	<u>316,348</u>
Total revenue	<u>3,174,932</u>	<u>2,053,681</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.

Among these operating segments, they are aggregated into three segments based on product type: (1) sales of solar glass; (2) solar farm and solar power generation; and (3) EPC service. In previous year, ultra-clear photovoltaic raw glass was classified as a reportable operating segment. As it did not meet the quantitative thresholds required by HKFRS 8 for reportable segments, it was aggregated with ultra-clear photovoltaic processed glass and presented as a single segment, namely sales of solar glass, for the six months ended 30 June 2016. The comparatives have been restated accordingly.

## Notes to the Condensed Consolidated Financial Information

### 3 REVENUE AND SEGMENT INFORMATION (Continued)

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

Sales between segments are carried out at terms mutually agreed by both parties. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the interim consolidated income statement.

The following table presents revenue, gross profit and other information regarding the Group's operating segments for the six months ended 30 June 2016 and 2015 respectively.

	Six months ended 30 June 2016 (Unaudited)			
	Sales of solar glass HK\$'000	Solar farm and solar power generation HK\$'000	EPC service HK\$'000	Total HK\$'000
Segment revenue	2,417,693	476,152	281,125	3,174,970
Inter-segment revenue	(38)	—	—	(38)
Revenue from external customers	2,417,655	476,152	281,125	3,174,932
Cost of sales	(1,295,839)	(115,008)	(211,902)	(1,622,749)
Gross profit	<u>1,121,816</u>	<u>361,144</u>	<u>69,223</u>	<u>1,552,183</u>
Depreciation charge of property, plant and equipment	80,120	101,908	15	182,043
Amortisation charge of land use rights	2,034	—	—	2,034
Additions to non-current assets (other than deferred income tax assets)	<u>529,824</u>	<u>2,764,167</u>	<u>1,626</u>	<u>3,295,617</u>

## Notes to the Condensed Consolidated Financial Information

### 3 REVENUE AND SEGMENT INFORMATION (Continued)

	Six months ended 30 June 2015 (Unaudited)			
	Sales of	Solar farm and solar	EPC	Total
	solar glass	power	service	
	HK\$'000	generation	HK\$'000	HK\$'000
Segment revenue	1,601,173	136,790	316,348	2,054,311
Inter-segment revenue	(630)	—	—	(630)
Revenue from external customers	1,600,543	136,790	316,348	2,053,681
Cost of sales	(1,031,608)	(39,405)	(228,376)	(1,299,389)
Gross profit	568,935	97,385	87,972	754,292
Depreciation charge of property, plant and equipment	57,264	35,358	—	92,622
Amortisation charge of land use rights	1,979	—	—	1,979
Additions to non-current assets (other than deferred income tax assets)	193,598	1,128,222	—	1,321,820

## 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:

	Segment assets and liabilities				Total HK\$'000
	Solar glass HK\$'000	Solar farm and generation solar power HK\$'000	EPC service HK\$'000	Unallocated HK\$'000	
At 30 June 2016 (Unaudited)					
Total assets	5,822,406	9,436,462	310,876	240,399	15,810,143
Total liabilities	<u>(1,440,706)</u>	<u>(3,776,494)</u>	<u>(5,988)</u>	<u>(2,933,935)</u>	<u>(8,157,123)</u>
At 31 December 2015 (Audited)					
Total assets	6,050,022	6,243,876	265,352	175,383	12,734,633
Total liabilities	<u>(1,205,165)</u>	<u>(1,722,741)</u>	<u>(182,071)</u>	<u>(2,733,288)</u>	<u>(5,843,265)</u>

## Notes to the Condensed Consolidated Financial Information

### 3 REVENUE AND SEGMENT INFORMATION (Continued)

	Assets as at		Liabilities as at	
	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Segment assets/(liabilities)	15,569,744	12,559,250	(5,223,188)	(3,109,977)
Unallocated:				
Property, plant and equipment	133	—	—	—
Prepayments for property, plant and equipment	2,064	—	—	—
Investment in a joint venture	222,194	175,263	—	—
Prepayments	3,780	—	—	—
Inventories	1,378	—	—	—
Cash and cash equivalents	2,304	120	—	—
Other receivables	8,546	—	—	—
Trade and other payables	—	—	(65,762)	(1,306)
Dividend payables	—	—	(303,696)	—
Bank borrowings	—	—	(2,546,620)	(2,714,642)
Income tax liabilities	—	—	(517)	—
Deferred income tax liabilities	—	—	(17,340)	(17,340)
Total assets/(liabilities)	<u>15,810,143</u>	<u>12,734,633</u>	<u>(8,157,123)</u>	<u>(5,843,265)</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	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Segment gross profit	1,552,183	754,292
Unallocated:		
Other income	83,878	78,376
Other gains, net	1,334	61,690
Selling and marketing expenses	(89,272)	(78,748)
Administrative and other operating expenses	(180,207)	(128,639)
Finance income	7,231	7,890
Finance costs	(35,197)	(4,734)
Share of profits of a joint venture	13,412	—
Profit before income tax	<u>1,353,362</u>	<u>690,127</u>



## Notes to the Condensed Consolidated Financial Information

### 3 REVENUE AND SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from sales of solar glass		
– The PRC	2,077,449	1,261,225
– Other countries	340,206	339,318
	<u>2,417,655</u>	<u>1,600,543</u>
Revenue from sales of electricity		
– The PRC	476,152	136,790
EPC service income		
– The PRC	271,139	316,348
– Other countries	9,986	—
	<u>3,174,932</u>	<u>2,053,681</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 deferred income tax assets by geographical area in which the assets are located is as follows:

	As at	
	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Non-current assets other than deferred income tax assets		
– The PRC	10,582,277	7,746,084
– Other countries	312,654	94,069
	<u>10,894,931</u>	<u>7,840,153</u>

### 4 OTHER INCOME

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Rental income	949	575
Government grants (Note (a))	63,536	68,682
Others (Note (b))	19,393	9,119
	<u>83,878</u>	<u>78,376</u>

Note:

- (a) Government grants mainly represent grants received from the PRC government in subsidising the Group's general operations and certain tax payments.
- (b) It mainly represents scrap sales, tariff adjustments for the electricity generated by the distributed generation solar power system installed on the roof-top of the Group's production complex and other income on early settlement with suppliers.

## Notes to the Condensed Consolidated Financial Information

### 5 OTHER GAINS, NET

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Foreign exchange gains/(losses), net	1,334	(522)
Loss on disposal of property, plant and equipment	—	(288)
Gain on deemed disposal of a subsidiary	—	62,500
	<u>1,334</u>	<u>61,690</u>

### 6 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income on bank deposits	<u>7,231</u>	<u>7,890</u>
Finance costs		
Interest on bank borrowings	51,173	21,947
Less: Interest expense capitalised on qualifying assets	<u>(15,976)</u>	<u>(17,213)</u>
	<u>35,197</u>	<u>4,734</u>

## Notes to the Condensed Consolidated Financial Information

### 7 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Depreciation charge of property, plant and equipment	182,043	92,622
Amortisation charge of land use rights	2,034	1,979
Employee benefit expenses (including directors' emoluments)	115,815	82,515
Cost of inventories sold	1,355,590	1,140,211
Operating lease payments in respect of land and buildings	13,523	6,030
Other selling expenses (including transportation and advertising costs)	71,413	63,387
Research and development expenditures	95,618	75,877
Other expenses	56,192	44,155
	<u>1,892,228</u>	<u>1,506,776</u>

# Notes to the Condensed Consolidated Financial Information

## 8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong profits tax (Note (a))	226	913
– PRC corporate income tax (“CIT”) (Note (b))	153,582	88,209
Income tax expense	<u>153,808</u>	<u>89,122</u>

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the period.
- (b) CIT is provided on the estimated taxable profits of the subsidiaries established in the PRC for the period, calculated in accordance with the relevant tax rules and regulations. The applicable CIT rate for Xinyi PV Products (Anhui) Holdings Limited, a subsidiary established in the PRC, was 15% (2015: 15%) for the period as it enjoyed high-tech enterprise income tax benefit. The Group's subsidiaries operating solar farms in the PRC are fully exempted from CIT in respect of their solar power electricity generation income for three years starting from their first year of profitable operations, followed by 50% reduction in CIT in next three years.

## Notes to the Condensed Consolidated Financial Information

### 9 EARNINGS PER SHARE

#### (a) Basic

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	
	2016 (Unaudited)	2015 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	1,115,823	601,005
Weighted average number of ordinary shares in issue (thousands)	6,748,800	6,370,055
Basic earnings per share (HK cents)	<u>16.53</u>	<u>9.43</u>

## Notes to the Condensed Consolidated Financial Information

### 9 EARNINGS PER SHARE (Continued)

#### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares from share options. The calculation for share options is determined by the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	Six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	<u>1,115,823</u>	<u>601,005</u>
Weighted average number of ordinary shares in issue (thousands)	6,748,800	6,370,055
Adjustments for share options (thousands)	<u>472</u>	<u>46</u>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>6,749,272</u>	<u>6,370,101</u>
Diluted earnings per share (HK cents)	<u>16.53</u>	<u>9.43</u>

## Notes to the Condensed Consolidated Financial Information

### 10 DIVIDENDS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend for 2015 of 4.5 HK cents (2014: 2.4 HK cents) per share	303,696	157,920
Proposed interim dividend of 8.0 HK cents (2015: 4.2 HK cents) per share	<u>539,904</u>	<u>276,360</u>

At a meeting of the Board held on 2 August 2016, the Directors resolved to declare an interim dividend of 8.0 HK cents per share for the six months ended 30 June 2016. The amount of 2016 proposed interim dividend is based on shares in issue as at 30 June 2016.

This interim dividend is not reflected as a dividend payable in this unaudited condensed consolidated financial information, but will be deducted from the share premium of the Company after the Board's approval.



## Notes to the Condensed Consolidated Financial Information

### 11 PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

	Property, plant and equipment HK\$'000	Land use rights HK\$'000
<b>Six months ended 30 June 2016 (Unaudited)</b>		
Opening net book amount at 1 January 2016	7,104,061	180,372
Additions	3,012,431	39,702
Depreciation/amortisation	(182,047)	(2,167)
Exchange differences	(102,370)	(2,252)
<b>Closing net book amount at 30 June 2016</b>	<b><u>9,832,075</u></b>	<b><u>215,655</u></b>
<b>Six months ended 30 June 2015 (Unaudited)</b>		
Opening net book amount at 1 January 2015	3,685,227	180,186
Additions	1,271,714	15,662
Disposals	(288)	—
Depreciation/amortisation	(104,064)	(2,112)
Exchange differences	4,741	56
<b>Closing net book amount at 30 June 2015</b>	<b><u>4,857,330</u></b>	<b><u>193,792</u></b>

## Notes to the Condensed Consolidated Financial Information

### 12 INVESTMENT IN A JOINT VENTURE

	HK\$'000
At 1 January 2016	175,263
Share of profit of a joint venture	13,412
Shareholder's loan to a joint venture	58,282
Currency translation differences	(2,136)
Elimination of unrealised profits	<u>(22,627)</u>
At 30 June 2016	<u>222,194</u>

### 13 BUSINESS COMBINATION

On 30 April 2016, the Group completed the acquisition of 60% equity interest in Polaron Solartech for a consideration of Canadian Dollars 1,500,000 (equivalent to HK\$8,964,000). Since then, Polaron Solartech has become a non-wholly owned subsidiary of the Company. The principal activities of Polaron Solartech is the provision of solar power systems in Canada, including design development, financial planning, permit acquisition and installation and maintenance services solar energy systems, for both residential and commercial customers.

## Notes to the Condensed Consolidated Financial Information

### 13 BUSINESS COMBINATION (Continued)

The following table summarises the consideration paid for the acquisition, the identifiable assets acquired and liabilities assumed and the non-controlling interest at the acquisition date.

	HK\$'000
Cash consideration for 60% equity interest in Polaron Solartech	8,964
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	308
Inventories	5,217
Trade and other receivables	14,493
Cash and cash equivalents	7,967
Trade and bills payables, accruals and other payables	(14,822)
Total identifiable net assets	13,163
Non-controlling interest	(5,265)
Goodwill	1,066
	8,964

The revenue included in the consolidated income statement since 1 May 2016 contributed by Polaron Solartech was HK\$9,986,000. Polaron Solartech also contributed profit of HK\$553,000 over the same period.

# Notes to the Condensed Consolidated Financial Information

## 14 TRADE AND BILLS RECEIVABLES

	As at	
	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Trade receivables	1,405,756	805,783
Bills receivables	130,771	47,842
	<u>1,536,527</u>	<u>853,625</u>

Breakdown of trade and bills receivables by segment is as follows:

Trade and bills receivables	Solar farm and solar power		EPC service HK\$'000	Total HK\$'000
	Solar glass HK\$'000	generation HK\$'000		
<b>At 30 June 2016 (Unaudited)</b>				
- Sales of solar glass	836,649	—	—	836,649
- Sales of electricity	—	69,810	—	69,810
- Tariff adjustment	—	563,265	—	563,265
- EPC service revenue	—	—	66,803	66,803
<b>Total</b>	<u>836,649</u>	<u>633,075</u>	<u>66,803</u>	<u>1,536,527</u>
<b>At 31 December 2015 (Audited)</b>				
- Sales of solar glass	537,861	—	—	537,861
- Sales of electricity	—	21,331	—	21,331
- Tariff adjustment	—	224,761	—	224,761
- EPC service revenue	—	—	69,672	69,672
<b>Total</b>	<u>537,861</u>	<u>246,092</u>	<u>69,672</u>	<u>853,625</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 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Within 3 months	994,648	559,116
4 months to 6 months	191,371	137,572
7 months to 12 months	113,686	108,770
1 year to 2 years	105,917	325
Over 2 years	134	—
	<u>1,405,756</u>	<u>805,783</u>

The maturity of the bills receivables is within 6 months.

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

For the solar farm, receivables from sales of electricity are usually settled on a monthly basis by the state grid companies. Tariff adjustment receivables, representing the government subsidies on renewable energy, are to be received from the state grid companies in accordance with the applicable government policies. There is no due date or settlement up to 30 June 2016 (2015: Nil). However, given the collection of tariff adjustment receivables is well supported by the government policy, all tariff adjustment receivables were expected to be recoverable. As the collection of tariff adjustment receivables is expected in the normal operating cycle, which is within two years, they are classified as current assets. Consequently, no provision for impairment of trade receivables was recognised as at 30 June 2016 (2015: Nil).

For the EPC service, receivables are normally settled within one year by instalments in accordance with the terms specified in the relevant EPC contracts.

## Notes to the Condensed Consolidated Financial Information

### 15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Prepayments	767,896	431,856
Less: Non-current portion of prepayments for property, plant and equipment, land use rights and operating leases	<u>(623,941)</u>	<u>(380,457)</u>
	143,955	51,399
Deposits and other receivables	139,769	90,860
Other tax receivables (Note)	<u>894,846</u>	<u>637,857</u>
	<u>1,178,570</u>	<u>780,116</u>

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

## Notes to the Condensed Consolidated Financial Information

### 16 TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Trade payables	323,244	368,295
Retention payables	5,078	7,289
Bills payable	629,311	418,884
	<hr/>	<hr/>
Trade, retention and bills payables	957,633	794,468
Accruals and other payables	1,669,447	1,361,931
	<hr/>	<hr/>
	2,627,080	2,156,399
	<hr/>	<hr/>

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

	As at	
	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Within 3 months	248,278	354,498
4 months to 6 months	54,859	12,762
7 months to 12 months	21,066	6,052
Over 1 year	4,119	2,272
	<hr/>	<hr/>
	328,322	375,584
	<hr/>	<hr/>

The maturity of the bills payables is within 6 months.

## Notes to the Condensed Consolidated Financial Information

### 17 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares (‘000)	Ordinary shares of HK\$0.1 each HK\$‘000	Share premium HK\$‘000	Total HK\$‘000
<b>Authorised:</b>				
At 31 December 2015 and 30 June 2016	80,000,000	8,000,000	—	8,000,000
<b>Issued:</b>				
At 1 January 2015	6,080,000	608,000	1,779,076	2,387,076
Issuance of shares	668,800	66,880	1,607,594	1,674,474
Less: Dividend paid to shareholders	—	—	(434,280)	(434,280)
At 31 December 2015 and 1 January 2016	6,748,800	674,880	2,952,390	3,627,270
Less: Dividend payable to shareholders	—	—	(303,696)	(303,696)
At 30 June 2016	<b>6,748,800</b>	<b>674,880</b>	<b>2,648,694</b>	<b>3,323,574</b>



## Notes to the Condensed Consolidated Financial Information

### 18 SHARE OPTIONS

Pursuant to the share option scheme adopted by the shareholders of the Company at 6 June 2014, the Company granted 6,070,000 share options in March 2016 to eligible persons.

Movements in the number of share options granted by the Company and their related weighted average exercise prices are as follows:

	2016		2015	
	Average exercise price in HK dollars per share	Options ('000)	Average exercise price in HK dollars per share	Options ('000)
At 1 January	2.61	8,930	2.29	4,040
Granted (Note (a))	2.80	6,070	2.86	5,087
Lapsed	2.60	(226)	2.38	(96)
<b>At 30 June (Note (b))</b>	<b>2.69</b>	<b>14,774</b>	<b>2.61</b>	<b>9,031</b>

Note:

- (a) In March 2016, a total of 6,070,000 share options were granted to a director of the Company and employees of the Group. The validity period of the options is from 23 March 2016 to 31 March 2020. One third of the options will vest on each of the year-end date of 2016, 2017 and 2018 if each grantee has met the conditions of vesting as stated in the letter of grant.

The fair value of the options was determined using the Black-Scholes valuation model, which was performed by an independent professional valuer and were HK\$0.69 per option. The significant inputs into the model are as follows:

Share price, at the grant date (HK\$)	2.80
Exercise price (HK\$)	2.80
Volatility (%)	41.08
Dividend yield (%)	3.09
Expected share option life (years)	3.5
Annual risk-free interest rate (%)	0.96

The volatility applied was estimated by the historical daily volatility of a customised index.

## Notes to the Condensed Consolidated Financial Information

### 18 SHARE OPTIONS (Continued)

Note: (Continued)

- (b) Share options outstanding at 30 June 2016 have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK dollars per share	Options ('000)
23 July 2018	2.29	3,808
31 March 2019	2.86	4,896
31 March 2020	2.80	6,070
		14,774

### 19 BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	As at	
	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Within 1 year	1,316,520	474,212
Between 1 and 2 years	1,929,354	1,704,727
Between 2 and 5 years	1,825,438	1,411,325
	5,071,312	3,590,264
Less: Non-current portion	(3,754,792)	(3,116,052)
Current portion	1,316,520	474,212

## Notes to the Condensed Consolidated Financial Information

### 19 BANK BORROWINGS (Continued)

As at 30 June 2016, all bank borrowings bore floating interest rates. These bank borrowings are repayable by installments up to 2019. The carrying amounts of the Group's bank borrowings are denominated in HK\$ and approximate their fair values as at 30 June 2016. The effective interest rates per annum at reporting date were as follows:

	As at	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Bank borrowings	<u>2.20%</u>	<u>2.19%</u>

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

### 20 COMMITMENTS

#### (a) Operating Lease Commitments

As at 30 June 2016, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at	
	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Not later than one year	30,502	21,383
Later than 1 year and not later than 5 years	108,749	62,345
More than 5 years	<u>617,653</u>	<u>480,119</u>
	<u>756,904</u>	<u>563,847</u>

## Notes to the Condensed Consolidated Financial Information

### 20 COMMITMENTS (Continued)

#### (a) Operating Lease Commitments (Continued)

The Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of land and buildings with lease terms as follows:

	As at	
	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Not later than one year	1,885	725
Later than 1 year and not later than 5 years	4,456	—
	<u>6,341</u>	<u>725</u>

#### (b) Capital Commitments

Capital expenditures of HK\$2,107,196,000 and HK\$2,410,847,000 was contracted for at 30 June 2016 and 31 December 2015 but not yet incurred.

# 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	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Rental expenses paid to:	i		
– Xinyi EnergySmart (Wuhu) Company Limited*		547	575
– Xinyi Glass (Tianjin) Company Limited*		2,365	2,142
		<u>2,912</u>	<u>2,717</u>
Rental income received from:			
– Xinyi EnergySmart (Wuhu) Company Limited*	i	547	575
Purchases of glass products from:	ii		
– Xinyi EnergySmart (Wuhu) Company Limited*		23,194	98
– Xinyi Automobile Parts (Wuhu) Company Limited*		823	268
– Xinyi Electronic Glass (Wuhu) Company Limited*		22,803	16,745
– Xinyi Glass (Tianjin) Company Limited*		13,978	1,626
		<u>60,798</u>	<u>18,737</u>

## Notes to the Condensed Consolidated Financial Information

### 21 RELATED PARTY TRANSACTIONS (Continued)

#### (a) Significant Related Party Transactions (Continued)

		Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Transportation fee paid to:			
– Wuhu Xinhe Logistics Company Limited*	iii	<u>119,371</u>	<u>—</u>
Purchases of machinery from:			
– Wuhu Jinsanshi Numerical Control Technology Company Limited*	iv	<u>13,017</u>	<u>—</u>
– Xinyi Ultra-clear Photovoltaic Glass (Dongguan) Company Limited*	v	<u>819</u>	<u>—</u>
		<u>13,836</u>	<u>—</u>
Sales of glass products to:			
– Xinyi Automobile Parts (Wuhu) Company Limited*	v	<u>404</u>	<u>—</u>
– Xinyi Glass (Tianjin) Company Limited*		<u>480</u>	<u>—</u>
		<u>884</u>	<u>—</u>
Consultancy fee paid to:			
– Xinyi Glass Japan Company Limited*	v	<u>279</u>	<u>—</u>
EPC service income received from:			
– Xinyi Solar (Lu'an) Company Limited#	vi	<u>124,612</u>	<u>—</u>

# Notes to the Condensed Consolidated Financial Information

## 21 RELATED PARTY TRANSACTIONS (Continued)

### (a) Significant Related Party Transactions (Continued)

\* Companies under the control of Xinyi Group (Glass) Company Limited, a company which has a significant influence on the Group.

# Joint venture of the Group.

Notes:

- (i) The leases of premises were charged at mutually agreed rental. The transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules. Details of transactions were disclosed in the Company's announcement dated 21 January 2016.
- (ii) The purchases of glass products were charged at mutually agreed prices and terms. The transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules. Details of transactions were disclosed in the Company's announcement dated 23 December 2015.
- (iii) The transportation fee paid was charged at mutually agreed fee. The transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules. Details of transactions were disclosed in the Company's announcements dated 12 August 2015 and 18 May 2016.
- (iv) The purchases of machinery were charged at considerations based on mutually agreed terms. The transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules. Details of transactions were disclosed in the Company's announcement dated 21 January 2016.
- (v) The transactions were de minimis transactions entered into in the ordinary course of business and under normal commercial terms, exempted from all the reporting, announcement and independent shareholders' approval requirements by virtue of rule 14A.76 of the Listing Rules.
- (vi) The EPC services income received were charged at considerations based on mutually agreed terms. Xinyi Solar (Lu'an) Company Limited was not a connected person of the Company and the transactions did not constitute connected transactions as defined in Chapter 14A of the Listing Rules.

Key management compensation amounted to HK\$9,258,000 for the six month ended 30 June 2016 (2015: HK\$5,395,000).

## Notes to the Condensed Consolidated Financial Information

### 21 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Balances with Related Parties

	As at	
	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Amount due from a joint venture		
– Xinyi Solar (Lu'an) Company Limited	<u>156,933</u>	<u>158,470</u>
Amounts due to related companies		
– Wuhu Jinsanshi Numerical Control Technology Company Limited	17,773	4,272
– Xinyi Glass Japan Company Limited	<u>76</u>	<u>—</u>
	<u>17,849</u>	<u>4,272</u>



## Further Information on the Group

### INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of 8.0 HK cents per share for the six months ended 30 June 2016 (2015: 4.2 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 Friday, 19 August 2016. The interim dividend is expected to be payable on or about Tuesday, 20 September 2016.

The Company’s register of members will be closed from Wednesday, 17 August 2016 to Friday, 19 August 2016 (both days inclusive), and during such period no transfer of Shares will be 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 Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Tuesday, 16 August 2016.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

For the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, 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 the six months ended 30 June 2016.

### 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 the six months ended 30 June 2016.

### CHANGES IN DIRECTORS’ INFORMATION

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

On 18 November 2015, Mr. TUNG Ching Sai, vice chairman and executive Director of the Company, was appointed as the chairman and non-executive director of Xinyi Automobile Glass Hong Kong Enterprises Limited (“**Xinyi Enterprises**”). On 11 July 2016, Xinyi Enterprises (stock code: 8328) was spun off from Xinyi Glass Holdings Limited (stock code: 868), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and became separately listed on the Growth Enterprise Market of the Stock Exchange.

### DIRECTOR’S 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 2016, the interests and short positions of the Directors and chief executive of the Company in the Shares, the underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”), as recorded in the register required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

## Further Information on the Group

### THE COMPANY AND ASSOCIATED CORPORATIONS

#### (i) Long Position 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
Datuk LEE Yin Yee, B.B.S. <sup>(1)</sup>	Interest in a controlled corporation <sup>(1)</sup>	Realbest (as defined below)	725,209,552	10.75%
	Interest in a controlled corporation <sup>(2)</sup>	Full Guang (as defined below)	73,190,000	1.08%
	Personal interest <sup>(1)</sup>		45,448,000	0.67%
	Interest in persons acting in concert <sup>(3)</sup>		2,195,413,059	32.53%
Mr. TUNG Ching Sai <sup>(4)</sup>	Interest in a controlled corporation <sup>(4)</sup>	Copark (as defined below)	246,932,579	3.66%
	Personal interest <sup>(4)</sup>		72,384,000	1.07%
	Interest in persons acting in concert <sup>(3)</sup>		2,195,413,059	32.53%
Mr. LI Man Yin <sup>(5)</sup>	Interest in a controlled corporation <sup>(5)</sup>	Perfect All (as defined below)	79,041,911	1.17%
	Personal interest <sup>(5)</sup>		3,960,000	0.06%
	Interest in persons acting in concert <sup>(3)</sup>		2,195,413,059	32.53%
Mr. LEE Yau Ching <sup>(6)</sup>	Interest in a controlled corporation <sup>(6)</sup>	Telerich (as defined below)	251,595,089	3.73%
Mr. CHEN Xi <sup>(7)</sup>	Personal interest		200,000	*

\* Amount insignificant.

## Further Information on the Group

### Notes:

- (1) Datuk LEE Yin Yee, B.B.S. is the beneficial owner of the entire issued share capital of Realbest Investment Limited (“**Realbest**”) which in turn is the registered owner of 725,209,552 Shares. Datuk LEE Yin Yee, B.B.S. also has 45,448,000 Shares through his spouse, Madam Tung Hai Chi.
- (2) The interest in the Shares are held through Full Guang Holdings Limited (“**Full Guang**”). Full Guang is owned by Datuk LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 12.50%, Mr. TUNG Ching Sai as to 19.91%, 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 31 May 2013 and entered into by Datuk LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, 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 of such number of Shares to them representing approximately 67.6% of the issued share capital of the Company as of that date.
- (4) Mr. TUNG Ching Sai is the beneficial owner of the entire issued share capital of Copark Investment Limited (“**Copark**”) which is the registered owner of 246,932,579 Shares. Mr. TUNG Ching Sai also has 13,782,000 Shares held in his own name and 58,602,000 Shares through his spouse, Madam Sze Tang Hung.
- (5) Mr. LI Man Yin is the beneficial owner of the entire issued share capital of Perfect All Investments Limited (“**Perfect All**”) which is the registered owner of 79,041,911 Shares. Mr. LI Man Yin also has 2,000,000 Shares in his own name and 1,960,000 Shares through his spouse, Madam Li Sau Suet.
- (6) 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 251,595,089 Shares.
- (7) Mr. CHEN Xi has 200,000 Shares held through his spouse, Madam Mao Ke.

## Further Information on the Group

### (ii) Share Options of the Company

As at 30 June 2016, there were a total of 1,125,000 outstanding share options of the Company granted to Mr. CHEN Xi, an executive director of the Company, under the Share Option Scheme of the Company. Details of which are summarised as follows:

Date of grant	:	23 March 2016	12 May 2015	24 July 2014
Number of share options granted	:	375,000	375,000	375,000
Number of share options outstanding at 30 June 2016	:	375,000	375,000	375,000
Exercise period	:	1 April 2019 to 31 March 2020	1 April 2018 to 31 March 2019	24 July 2017 to 23 July 2018
Exercise price per Share	:	HK\$2.80	HK\$2.86	HK\$2.29
Capacity in which interest is held	:	Beneficial owner	Beneficial owner	Beneficial owner
Approximate percentage of the Company's issued share capital at 30 June 2016	:	0.006%	0.006%	0.006%

### (iii) Long Positions in an Associated Corporation

The following table sets forth the interests of the Directors in Xinyi Energy Holdings Limited (“Xinyi Energy”), a non-wholly owned subsidiary of the Company, as at 30 June 2016:

Name of Director	Capacity	Name of the controlled corporations	Number of shares held in Xinyi Energy	Approximate percentage of Xinyi Energy’s issued shares
Datuk LEE Yin Yee, B.B.S.	Interest in a controlled corporation	Charm Dazzle Limited	610	9.65%
Mr. TUNG Ching Sai	Interest in a controlled corporation	Sharp Elite Holdings Limited	250	3.96%
Mr. Li Man Yin	Interest in a controlled corporation	Will Sail Limited	60	0.95%

Save as disclosed above, as at 30 June 2016, to the knowledge of the Company, none of the Directors or chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the Shares or the underlying share and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Further Information on the Group

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2016, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the Shares and the underlying Shares of the Company, as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Name of substantial Shareholders	Nature of interest and capacity	Number of Shares held	Approximate percentage of the Company's issued share capital
Xinyi Group (Glass) Company Limited	Beneficial owner	1,778,709,301	26.36%
Xinyi Automobile Glass (BVI) Company Limited	Interest in a controlled corporation	1,778,709,301	26.36%
Xinyi Glass Holdings Limited	Beneficial owner	214,038,000	3.17%
	Interest in a controlled corporation	1,778,709,301	26.36%
Mr. TUNG Ching Bor	Interest in a controlled corporation <sup>(1)</sup>	266,766,456	3.95%
	Personal interest <sup>(1)</sup>	23,000,000	0.34%
	Interest in persons acting in concert <sup>(2)</sup>	2,195,413,059	32.53%

## Further Information on the Group

Name of substantial Shareholders	Nature of interest and capacity	Number of Shares held	Approximate percentage of the Company's issued share capital
Mr. LEE Sing Din	Interest in a controlled corporation <sup>(3)</sup>	251,595,089	3.73%
	Personal interest	19,770,000	0.29%
	Interest in persons acting in concert <sup>(2)</sup>	2,195,413,059	32.53%
Mr. LI Ching Wai	Interest in a controlled corporation <sup>(4)</sup>	116,580,868	1.73%
	Interest in persons acting in concert <sup>(2)</sup>	2,195,413,059	32.53%
Mr. SZE Nang Sze	Interest in a controlled corporation <sup>(5)</sup>	105,630,781	1.57%
	Personal interest	2,196,000	0.03%
	Interest in persons acting in concert <sup>(2)</sup>	2,195,413,059	32.53%
Mr. NG Ngan Ho	Interest in a controlled corporation <sup>(6)</sup>	77,853,912	1.15%
	Personal interest	2,200,000	0.03%
	Interest in persons acting in concert <sup>(2)</sup>	2,195,413,059	32.53%
Mr. LI Ching Leung	Interest in a controlled corporation <sup>(7)</sup>	77,853,911	1.15%
	Personal interest <sup>(7)</sup>	5,800,000	0.09%
	Interest in persons acting in concert <sup>(2)</sup>	2,195,413,059	32.53%



## Further Information on the Group

### Notes:

- (1) Mr. Tung Ching Bor's interests in the Shares are held through High Park Technology Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor. Mr. Tung Ching Bor's personal interest in the Shares is held through a joint account with his spouse, Madam Kung Sau Wai.
- (2) Pursuant to an agreement dated 31 May 2013 and entered into by Datuk LEE Yin Yee, B.S.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, 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 of such number of Shares to them representing approximately 67.6% of the issued share capital of the Company as of that date.
- (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.
- (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 5,400,000 Shares held in his own name and 400,000 Shares through his spouse, Madam DY Maria Lumin.

### PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors and the chief executive, as at 30 June 2016, the following Directors is a director or employee of the following entities which had, or was deemed to have, interests or short positions in the Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

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

## Further Information on the Group

Save as disclosed above, the Directors are not aware of any persons who were directly or indirectly interested in 10% or more of the Shares then in issue, or equity interest in any member of the Group representing 10% or more of the equity interest in such company, or who had any interests or short positions in the Shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30 June 2016.

## REVIEW OF THE INTERIM RESULTS

The Company's interim results for the six months ended 30 June 2016 have not been audited but have been reviewed by the Company's audit committee, comprising the three independent non-executive Directors.

## Corporate Information

### EXECUTIVE DIRECTORS

Mr. TUNG Ching Sai (*Vice Chairman*) ø<  
Mr. LEE Yau Ching  
(*Chief Executive Officer*)  
Mr. LI Man Yin  
Mr. CHEN Xi

### NON-EXECUTIVE DIRECTORS

Datuk LEE Yin Yee, B.B.S. (*Chairman*) ø~  
Mr. LEE Shing Put

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHENG Kwok Kin, Paul \*ø<  
Mr. LO Wan Sing, Vincent # +<  
Mr. KAN E-ting, Martin # ø<

\* Chairman of audit committee  
# Members of audit committee  
+ Chairman of remuneration committee  
ø Members of remuneration committee  
~ Chairman of nomination committee  
< Members of nomination committee

### COMPANY SECRETARY

Mr. CHU Charn Fai, FCCA, CPA

### AUTHORISED REPRESENTATIVES

Mr. LEE Yau Ching  
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, 21st Floor  
Rykanan Capital Tower  
No. 135 Hoi Bun Road  
Kwun Tong, Kowloon  
Hong Kong

## Corporate Information

### LEGAL ADVISERS AS TO HONG KONG LAW

Squire Patton Boggs  
29th Floor, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Central, Hong Kong

### AUDITOR

PricewaterhouseCoopers,  
Certified Public Accountants  
22nd Floor, Prince's Building  
Central, Hong Kong

### PRINCIPAL BANKERS

Bank of China (Hong Kong)  
Bank of East Asia  
Bank SinoPac  
China Citic Bank  
Citibank, N.A.  
Hang Seng Bank  
HSBC  
Huishang Bank  
Nanyang Commercial Bank  
Wing Lung Bank

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

### HONG KONG SHARE REGISTRAR

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

### WEBSITE

<http://www.xinyisolar.com>

### SHARE INFORMATION

Place of listing: Main Board of The  
Stock Exchange of Hong Kong Limited  
Stock code: 00968  
Listing date: 12 December 2013  
Board lot: 2,000 ordinary shares  
Financial year end: 31 December  
Share price as of the date of  
this interim report: HK\$3.04  
Market capitalisation as  
of the date of this interim report:  
Approximately HK\$20,516 million

### KEY DATES

Closure of register of members:  
17 August 2016 to 19 August 2016  
(both days inclusive)  
Proposed interim dividend payable date:  
On or about Tuesday, 20 September  
2016