



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

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 00968

A GREEN LIFE WITH  
**XINYI SOLAR**

INTERIM REPORT 2017



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## Financial Highlights

	Six months ended 30 June		Year ended 31 December
	2017 (Unaudited)	2016 (Unaudited)	2016 (Audited)
<i>(in HK\$'000)</i>			
Revenue	5,309,673	3,174,932	6,007,081
Profit before income tax	1,510,609	1,353,362	2,390,464
Profit attributable to Company's equity holders	1,254,909	1,115,823	1,985,630
Dividends	593,894	539,904	985,325
<i>(Number of ordinary shares in '000)</i>			
Weighted average number of shares in issue	6,874,755	6,794,848 #	6,794,848 #
<i>(in Hong Kong cents)</i>			
Earnings per Share			
– basic	18.25	16.42*	29.22*
– diluted	18.23	16.42*	29.22*
Dividends per share	8.00	8.00	14.00

	At 30 June		At 31 December
	2017 (Unaudited)	2016 (Unaudited)	2016 (Audited)
<i>(in HK\$'000)</i>			
Equity attributable to Company's equity holders	8,965,735	6,435,885	6,215,625

\* Basic and diluted earnings per share for the six months ended 30 June 2016 and the year ended 31 December 2016 have been restated to take into account the rights issue of the Company completed in June 2017.

# Adjusted for rights issue completed in June 2017.

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 2017.

### INTERIM RESULTS

Despite the uncertain and challenging business environment, the Group has achieved another encouraging result for the six months ended 30 June 2017. As compared with the same period in 2016, revenue of the Group rose by 67.2% to HK\$5,309.7 million and profit attributable to equity holders of the Company increased by 12.5% to HK\$1,254.9 million for the six months ended 30 June 2017. Basic earnings per share were 18.25 HK cents for the six months ended 30 June 2017, as compared with 16.42 HK cents (restated) for the same period in 2016. The Board of Directors has resolved to declare an interim dividend of 8.0 HK cents per share (2016: 8.0 HK cents).

### BUSINESS REVIEW

#### Growth Momentum Shifted to Emerging Markets

Incremental growth in photovoltaic (“**PV**”) competitiveness and the changing of energy mix by different countries to meet climate change and development goals continued to drive the growth of the global PV market. According to SolarPower Europe, the global PV installation was 76.6 gigawatts (“**GW**”) in 2016, up from 51.2GW in 2015, representing a year-on-year growth of 50%. The world’s two largest markets, China and the United States (“**US**”), both recorded unprecedented installation levels. China added 34.5GW of grid-connected installations in 2016, up 128% year-on-year, compared to 15.1GW in 2015. The annual installation in the US also grew significantly from 7.5GW in 2015 to 14.8GW in 2016, representing an increase of 97%. Given this high base, there were concerns about the downside potential of growth for these two major PV markets. However, with the quickly increasing project pipelines in emerging countries, the potential for further growth of the global PV market in 2017 remains high. India has overtaken Japan as the third-largest global PV market and rapid development was also noted in Middle East and Asia-Pacific regions. Historical installation in most of these emerging markets is small to date but significant pipelines have been created as a result of the tender policies and rapid decline in solar power costs.

## Chairman's Statement

### PV Demand Remained Strong in China

PV deployment in China has remained robust in the first half of 2017. Policy inclination and aggressive support contributed to the rapid development of distributed generation PV projects. The annual installation target of 18.1GW (for 2016 to 2017) and the additional quota of 5.3GW (released in late 2016 and early 2017 to eight provinces) and 5.16GW (for PV poverty alleviation projects) also helped to sustain the growth momentum of PV installation. According to the National Energy Administration ("NEA"), 24.4GW of new PV capacity was commissioned in the first half of 2017, representing a year-on-year increase of 9%.

Although the growth momentum was maintained in the first half of this year, the installation rush only started in April 2017, two months later than that in the previous year. Delays in projects occurred because of the late release of quota by some provinces last year. Even so, the installation rush before the 30 June deadline has gradually driven up the downstream PV demand in the first half of 2017 and boosted the sales for solar glass. Unlike 2016, the more evenly distributed closure deadlines for installation in 2017 is expected to cause less volatile changes in the PV demand of China in the first-half versus the second-half of the year.

### Capacity Expansion and Continuous Upgrade of Solar Glass Production Facilities

Timely expansion of capacity and continuous upgrade of solar glass production facilities not only enable the Group to expand market share and capture growth opportunities, but also further strengthen the competitive advantages of the Group. During the last quarter of 2016 and the first quarter of 2017, the Group has added three new ultra-clear PV raw glass production lines, increasing its aggregate daily melting capacity from 3,900 tonnes to 6,800 tonnes and reinforcing its position as the world's largest solar glass manufacturer. The scale advantage of these newly added production lines (900 or 1,000 tonnes/day) has further enhanced the Group's economies of scale and production efficiency. This, together with the highly automated, fully integrated and streamlined production processes have enabled the Group to stay ahead of its competitors, operate in a more cost-efficient manner and hence offset the average selling price ("ASP") pressure.

The 900 tonnes/day PV raw glass production line in Malaysia has steadily ramped up during the six months ended 30 June 2017 and achieved satisfactory production efficiency around June 2017, representing the successful operation of the Group's first solar glass production line outside China and an important milestone of its strategic advance in overseas expansion. The geographical and low-cost advantages offered by this line have strengthened the Group's overall competitiveness. The diversified production bases also provide flexibility of moving orders from one production site to another to handle customers' orders more efficiently and promptly.

Through regular and well-planned maintenance programs, the Group has ensured its production facilities to function at optimal efficiency and achieve consistent output quality. A 500-tonne/day PV raw glass production line in Anhui has ceased operation since June 2017 for repairs and upgrade.

### Growing Sales and Efficiency Improvement to Offset ASP Pressure

Because of the weakened market sentiment after the massive PV installation in China and the US in 2016 as well as the worry about the increased supply, the ASP of solar glass products declined in the second half of 2016 and the beginning of 2017. To mitigate the ASP pressure, the Group has adopted a proactive and flexible marketing strategy, and by taking advantage of its increased capacity and cost advantages, it has speeded up the inventory turnover and successfully increased its global market share during the period under review.

### More Competitive Business Landscape for Solar Farm Development

The 13th Five-Year Plan released by China's National Development and Reform Commission has confirmed the energy development roadmap and action plan of the solar industry for 2016 to 2020. It aims to carry out industrial and technological upgrade, reduce costs and promote the wider application of solar technology so as to achieve market-oriented and self-sustainable growth without relying on the subsidy from the government. The targeted timing for grid parity on the consumer side is 2020. To achieve this, further tariff cut is a must so as to encourage an accelerated pace of efficiency improvement and cost reduction. Thus, more intense competition is expected among the market players in the coming years. As a leading solar farm developer, the Group can ride on its experiences in the solar value chain and strive to advance itself through technological innovation.

## Chairman's Statement

In an effort to drive energy evolution and to ease the deficit of the renewable energy subsidy fund, China has launched the "green certificate" trading scheme on a trial and voluntary basis on 1 July 2017. The green certificate trading is still in the initial trial stage and on a very limited scale. It is unlikely to replace the existing subsidy program in the short run, but if it works out smoothly, it will revolutionise the energy trading system. The Group has not participated in the green certificate trading scheme and will continue to monitor its development.

Because of the grid curtailment issue, competitive bidding and limited land supply, the growth momentum of centralised PV installation is poised to slow down in 2017. However, opportunities in distributed generation ("DG") are increasing.

### Significant Increase in Revenue from EPC Services

DG provides electricity on-site or near to demand, reduces transmission losses and is in line with the smart grid deployment. Technological advancement and rapidly declining costs have largely expanded the opportunities and application of DG in China. The 13th Five-Year Plan indicates that by 2020, China's distributed power generation is expected to reach 60 GW, implying that there is great potential for development in the next few years. Out of the 24.4GW of PV installations in China in the first half of 2017, 7.11GW were DG installation, representing a year-on-year increase of 290%. The robust DG development has created immense opportunities for the Group's engineering, procurement and construction ("EPC") services business.

In the first half of 2017, the Group has secured several EPC projects in relation to the PV poverty alleviation programmes for building collectively-deployed village-level DG power plants in different counties of Anhui province. Thanks to the concerted effort of the EPC services team and various department of the Group, all of these EPC projects, with an aggregate capacity of 296 megawatts ("MW"), have been completed within a few months despite the substantial amount of construction work and very large number of villages involved. Revenue from EPC services of the Group for the period under review amounted to HK\$2,127.9 million, representing a year-on-year increase of 656.9%.

EPC services projects mostly are one-off or ad-hoc in nature, seldom providing a predictable and stable revenue stream; and therefore, are considered as a supplementary income source, but not a key growth driver of the Group.

### Increased Contribution from Solar Farms

With more resources allocated to the Group's EPC services to meet the installation deadline before 30 June 2017, not much capacity has been added for ground-mounted solar farms in the period under review. As at 30 June 2017, the Group had 17 utility-scale ground mounted solar farm projects in operation. Its accumulated approved grid-connected capacity increased from 974MW at 30 June 2016 to 1,584MW at 30 June 2017. The increase is attributable to the additions of 490MW and 120MW in the second half of 2016 and the first half of 2017, respectively. Increased grid-connected capacity contributed to the remarkable growth in revenue and profit contribution of the Group's solar farm business. During the period under review, this segment accounted for 13.8% and 31.3% of the Group's total revenue and gross profit, respectively.

The Group has not encountered any curtailment in electricity generation as all solar farm projects are located in regions with high electricity demand. However, similar to other solar farm operators in China, there are delays in receiving the subsidy on electricity generation from the PRC government. Currently, the Group has two farm projects, with an aggregate capacity of 250MW successfully enlisted on the sixth batch of renewable energy tariff subsidy catalogue ("Catalogue"). Subsidies for their electricity generation incurred up to July 2015 have already been received by the Group. And the application for the seventh batch Catalogue, which covered solar farm projects connected to the grid between March 2015 and March 2016, has started sooner than expected in March 2017. The Group had eight solar farm projects with an aggregate capacity of 724 MW eligible for application for the seventh batch of Catalogue.



## Chairman's Statement

### BUSINESS OUTLOOK

The significant PV progress in 2016 has raised the concerns about the growth momentum in 2017 amid the policy uncertainties in the major PV markets — China and the US. The market is waiting for more official news and policy guidance on China's upcoming feed-in-tariff rates, installation targets and green certificate trading scheme for the next couple of years. Challenging and uncertain business environments for the PV industry may continue in the second half of 2017. Despite this, the Directors remain optimistic about the long-term growth of the China domestic as well as the global PV market. Technological advancement and efficiency improvement will further drive down installation costs and continue the solar revolution, enticing different countries to implement PV technology to boost green energy and adjust their energy mix. As a leading enterprise in the industry, the Group continues to leverage its advantages in scale, optimise operational efficiency and explore new markets to sustain growth.

Given the fierce market competition, more consolidation is expected in the solar glass industry amid the substantial increase in the capacity of leading players and the gradual phase-out of some small and inefficient production lines. The Group will continue to adopt flexible production plans, improve production techniques and increase the extent of automation to further improve operational efficiency. The Directors expect that the gradual ramp-up of the new production capacities and the change of sales mix (with higher percentage of sales from PV processed glass and lower percentage from PV raw glass) can help to improve the margin of this segment in the second half of 2017. In order to capture the future market growth, the Group plans to expand its solar glass production capacity by adding two new solar glass production lines in Malaysia with a daily melting capacity of 1,000 tonnes each. The expected commencement dates of their operation are the fourth quarter of 2018 and middle of 2019, respectively.

In the second half of 2017, the Group will continue to exploit the potential of the DG market in China, including the development of self-owned DG projects on third parties' roof-tops as well as EPC services for PV poverty alleviation programs. Undoubtedly, the development focus and more resources will be shifted back to utility-scale ground mounted solar farm projects. Despite the tight deadline, the Group will step up efforts in the coming months and targets to increase its aggregate accumulated grid-connected capacity to more than 2GW by the end of 2017.

In addition to the set-up of the solar glass production complex in Malaysia, the Group also aims to broaden its business presence in overseas solar farm projects. The acquisition of 60% equity interest in Polaron Solartech Corporation in April 2016, a solar power system provider in Canada, has marked a successful start of the Group in this aspect. The Group is continuing its effort to explore other downstream solar opportunities in overseas countries. Recently, the Company has been granted the permission to conduct a feasibility study on a solar farm project with a capacity of 100MW in Cambodia.

During the period under review, the Group continued the preparation for the proposed spin-off of the solar farm business operated and managed by the Group.

### CONCLUSION

Continuous expansion and innovation have helped the Group to expand its business horizons along the solar value chain. Xinyi Solar has successfully developed a balanced business model with diversified source of revenue from both solar glass and solar farm businesses. Leveraging on its solid foundation and competitive advantages, Xinyi Solar is well positioned to capture new business opportunities, rise above the rapidly changing and challenging market conditions and reinforce its leading position in the industry.

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, 31 July 2017

# Management's Discussion and Analysis

## OVERVIEW

The higher-than-expected volume of PV installations in China and the robust demand from emerging markets have sustained the continued growth of demand for solar products in the first half of 2017. After adding a capacity of 2,900 tonnes/day in solar glass production during late 2016 and early 2017, the Group has actively speeded up the pace of sales to seize market share. A satisfactory growth in sales volume was recorded during the period under review, but profit contribution from the solar glass segment declined because of the drop in selling prices. Nevertheless, substantial increases in revenue and profit were reported in the solar farm business and EPC service segments, contributing to the encouraging result of the Group for the first half of 2017.

During the six months ended 30 June 2017, the Group achieved a consolidated revenue of HK\$5,309.7 million, representing an increase of 67.2% as compared with the same period in 2016. Profit attributable to the equity holders of the Company increased by 12.5% to HK\$1,254.9 million. Basic earnings per share were 18.25 HK cents for the six months ended 30 June 2017, as compared with 16.42 HK cents (restated) for the same period in 2016.

# Management's Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2017, the revenue of the Group was mainly derived from three business segments: (i) sales of solar glass; (ii) solar farm business, which includes solar farm development and solar power generation; and (iii) EPC services. Revenue growth in the first half of 2017 was mainly driven by the increase in revenue from EPC services and income from electricity generation.

### Revenue – by Segment

	Six Months Ended 30 June				Increase/(Decrease)	
	2017		2016		HK\$'	
	<i>HK\$'</i>	<i>% of</i>	<i>HK\$'</i>	<i>% of</i>	<i>HK\$'</i>	<i>%</i>
	<i>million</i>	<i>revenue</i>	<i>million</i>	<i>revenue</i>	<i>million</i>	
Sales of solar glass	2,447.3	46.1	2,417.7	76.1	29.6	1.2
Solar farm business	734.5	13.8	476.2	15.0	258.3	54.3
EPC services	<u>2,127.9</u>	<u>40.1</u>	<u>281.1</u>	<u>8.9</u>	1,846.8	656.9
Total external revenue*	<u>5,309.7</u>	<u>100.0</u>	<u>3,174.9</u>	<u>100.0</u>	2,134.8	67.2

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

## Management's Discussion and Analysis

### Solar Glass Revenue – By Geographical Markets

	Six Months Ended 30 June					
	2017		2016		Increase/(Decrease)	
	<i>HK\$</i>	<i>% of</i>	<i>HK\$</i>	<i>% of</i>	<i>HK\$</i>	<i>%</i>
	<i>million</i>	<i>revenue</i>	<i>million</i>	<i>revenue</i>	<i>million</i>	<i>%</i>
Mainland China	2,090.4	85.4	2,077.5	85.9	12.9	0.6
Other countries	356.9	14.6	340.2	14.1	16.7	4.9
	<u>2,447.3</u>	<u>100.0</u>	<u>2,417.7</u>	<u>100.0</u>	29.6	1.2

For the six months ended 30 June 2017, the Group's solar glass sales revenue increased slightly by 1.2% to HK\$2,447.3 million. Benefitting from the capacity expansion strategy and vigorous sales efforts, the total sales volume of solar glass products increased by 28.2% year-on-year, but its impact on revenue was largely offset by the decline in selling prices and Renminbi ("RMB") depreciation. For the six months ended 30 June 2017, sales of PV raw glass accounted for 5.8% (2016: 2.3%) of the Group's total solar glass revenue. As PV raw glass has a lower selling price than PV processed glass, the change in sales mix has also reduced the revenue contribution of the solar glass segment. A weaker ASP of solar glass was recorded for the first half of 2017, primarily reflecting the declines in the third quarter of 2016 and the beginning of 2017. However, the ASP showed less fluctuation amid the gradual pickup of demand in the second quarter of 2017.

There was no substantial change in the geographical mix of the Group's solar glass sales during the period under review. The Group recorded year-on-year revenue growth of 0.6% and 4.9% in the PRC domestic market and overseas market, respectively. The more rapid growth in the overseas market was mainly driven by the increase in demand from India, Thailand and other emerging PV markets in Asia.

## Management's Discussion and Analysis

The table below sets forth the approved grid-connection capacity of the Group's solar farms as at 30 June 2017.

Location	Weighted Average FiT* <i>RMB/kWh</i>	Accumulated Approved Grid-connection Capacity			
		31		31	
		30 June	December	30 June	December
		2017	2016	2016	2015
		<i>MW</i>	<i>MW</i>	<i>MW</i>	<i>MW</i>
1) Jinzhai, Lu'an, Anhui#	1.0	150	150	150	150
2) Sanshan, Wuhu, Anhui#	1.0	100	100	100	100
3) Nanping, Fujian^	1.0	30	30	30	30
4) Lixin County, Bozhou, Anhui^	1.0	140	140	140	40
5) Wuwei County, Wuhu, Anhui^	1.0	100	100	100	100
6) Hongan, Hubei^	1.0	100	100	100	50
7) Fanchang, Wuhu, Anhui^	1.0	60	60	60	40
8) Shou County, Anhui^	1.0	100	100	100	100
9) Binhai, Tianjin^	0.95	174	174	174	—
10) Huainan City, Anhui^	1.0	20	20	20	—
11) Suiping, Henan	1.0	110	110	—	—
12) Xiaochang, Hubei	0.954	130	130	—	—
13) Shou County, Anhui	0.945	200	200	—	—
14) Wuwei County, Wuhu, Anhui	0.945	50	50	—	—
15) Wangjiang County, Anhui	0.945	50	—	—	—
16) Xiaochang, Hubei	0.827	30	—	—	—
17) Jinzhai, Lu'an, Anhui~	0.925	40	—	—	—
<b>Total</b>		<b>1,584</b>	<b>1,464</b>	<b>974</b>	<b>610</b>

\* Weighted average FiT rate is based on the approved grid-connection capacity of the different phases for each solar farm.

# Enlisted on the sixth batch of Catalogue and received subsidies up to 31 July 2015.

^ Application for the seventh batch of Catalogue submitted.

~ 100MW project, with phase 1 (40MW) connected and phase 2 (60 MW) in progress.

## Management's Discussion and Analysis

Given the fixed feed-in-tariff ("FiT") after grid-connection and the relatively stable sunlight radiation, the increase in revenue from the solar farm segment was mainly attributable to the increase in solar farm capacity. As at 30 June 2017, the Group had 17 utility-scale solar farms in operation. The accumulated approved grid-connection capacity increased from 974MW as at 30 June 2016 to 1,584MW as at 30 June 2017, driving up revenue of the solar farm business by 54.3% year-on-year to HK\$734.5 million in the first half of 2017.

As at 30 June 2017, the Group had outstanding receivables for the sales of electricity of HK\$109.2 million (31 December 2016: HK\$56.1 million) and a tariff adjustment (subsidy) receivable of HK\$1,414.0 million (31 December 2016: HK\$880.0 million). The receivables from sales of electricity are generally settled on a monthly basis by the state grid companies. The tariff adjustment (subsidy) receivables are settled by the state grid companies in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance. During the period under review, the Group received subsidy payments totaling HK\$45.3 million in relation to the electricity generation from May to July 2015 of its two solar farms enlisted on the sixth batch of Catalogue.

The Group's revenue from EPC services increased by 656.9% from HK\$281.1 million for the six months ended 30 June 2016 to HK\$2,127.9 million for the six months ended 30 June 2017. The substantial increase was mainly attributable to the EPC services income derived from several large-scale PV poverty alleviation projects with an aggregate capacity of 296MW.

### Gross profit

The Group's gross profit increased by HK\$249.7 million, or 16.1%, from HK\$1,552.2 million for the six months ended 30 June 2016 to HK\$1,801.9 million for the six months ended 30 June 2017. The increase in gross profit was mainly due to the increase in EPC services and solar farm businesses, partly offset by the decline in the solar glass segment. Overall gross profit margin dropped to 33.9% (2016: 48.9%), primarily due to: (i) the reduced gross margin of the solar glass segment and (ii) increased contribution from EPC services, which commands a lower gross profit margin than the solar glass and solar farm businesses.

## Management's Discussion and Analysis

For the six months ended 30 June 2017, the gross profit margin of the Group's solar glass segment decreased by 17.8 percentage points to 28.6% (2016: 46.4%). The decline in margin was mainly attributable to: (i) the drop in ASP; (ii) efficiency improvement of the newly added production capacities has not been fully reflected during their ramp-up period; (iii) increased sales of PV raw glass in order to speed up market penetration after capacity expansion, thereby leading to a higher percentage of the total sales was derived from PV raw glass which commands a lower gross profit margin than PV processed glass; and (iv) rises in electricity charges and certain raw material costs such as soda ash.

Gross profit margin of the Group's solar farm business remained relatively stable during the period under review. This is because the depreciation charge of the solar farms, the largest component of the total cost of sales, is fixed, and other operating costs such as electricity, labour and rental expenses only accounted for a small portion of the total cost of sales.

The EPC service business showed satisfactory profit performance in the first half of 2017, with gross profit margin increasing by 0.8 percentage point to 25.4% (2016: 24.6%). This is primarily due to the declining PV component costs, more efficient procurement and logistics management as well as the economies of scale, all of which benefit large-scale development.

### Other income

During the six months ended 30 June 2017, the Group's other income decreased by HK\$25.0 million to HK\$58.9 million, as compared to the HK\$83.9 million recorded for the same period last year. The decrease was principally due to the decrease in government grants received during the period.

### Other (losses)/gains, net

The Group recorded other losses, net of HK\$0.2 million for the six months ended 30 June 2017 and other gains, net of HK\$1.3 million for the six months ended 30 June 2016. The losses were mainly due to the recognition of loss on disposal of property, plant and equipment of HK\$0.3 million and the decrease in foreign exchange gains.



# Management's Discussion and Analysis

## Selling and marketing expenses

The Group's selling and marketing expenses increased by 11.2% from HK\$89.3 million in the first half of 2016 to HK\$99.3 million in the first half of 2017. The increase stemmed primarily from the increase in transportation costs as a result of the sales volume growth in solar glass business. Selling and marketing expenses to revenue ratio decreased from 2.8% to 1.9% in the relevant periods because: (i) the export sales mix changed, with lower percentages in North America and higher percentages in Asian markets; and (ii) solar farm and EPC services businesses incurred fewer selling and marketing expenses than the solar glass business.

## Administrative and other operating expenses

The Group's administrative and other operating expenses increased by HK\$8.8 million, or 4.9%, from HK\$180.2 million for the six months ended 30 June 2016 to HK\$189.0 million for the six months ended 30 June 2017. The increase was mainly attributable to the increase in staff cost and benefits of HK\$18.7 million, partially offset by the decrease in research and development expenses of HK\$5.9 million.

Because of economies of scale and certain expenses being fixed, the Group managed to reduce its administrative and other operating expenses to revenue ratio from 5.7% for the six months ended 30 June 2016 to 3.6% for the six months ended 30 June 2017.

## Finance costs

The Group's finance costs increased from HK\$35.2 million (or HK\$51.2 million before capitalisation) in the first half of 2016 to HK\$82.7 million (or HK\$101.7 million before capitalisation) in the first half of 2017. 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 capacity expansion. During the period under review, interest expense of HK\$19.0 million (2016: HK\$16.0 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.

## Management's Discussion and Analysis

### Share of profit of a joint venture

For the six months ended 30 June 2017, the Group recorded a share of profit of a joint venture of HK\$19.4 million (2016: 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 decreased from HK\$153.8 million for the six months ended 30 June 2016 to HK\$153.3 million for the six months ended 30 June 2017. The decline was primarily attributable to: i) decrease in profit from the solar glass business; ii) 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; iii) the Group's solar glass profits derived from its subsidiary in Malaysia were fully exempted from Malaysia corporate income tax during the period under review.

### EBITDA and net profit

For the six months ended 30 June 2017, the Company's EBITDA (earnings before interest, taxation, depreciation and amortisation) was HK\$1,830.8 million, representing an increase of 16.4% as compared to HK\$1,572.6 million for the six months ended 30 June 2016. The Company's EBITDA margin (calculated based on total revenue for the period) was 34.5% for the six months ended 30 June 2017 as compared to 49.5% for the six months ended 30 June 2016.

Net profit attributable to equity holders of the Company for the six months ended 30 June 2017 was HK\$1,254.9 million, representing an increase of 12.5%, as compared to HK\$1,115.8 million for the six months ended 30 June 2016. Net profit margin decreased to 23.6% for the six months ended 30 June 2017 from 35.1% for the six months ended 30 June 2016, mainly due to: (i) a drop in the profit margin of the solar glass business; and (ii) a higher percentage of revenue being derived from the EPC services business with a lower profit margin than the solar farm and solar glass businesses.

## Management's Discussion and Analysis

### Use of Proceeds of Rights Issue

In early June 2017, the Company raised net proceeds of approximately HK\$1,506.8 million by way of a rights issue ("Rights Issue") of 674,880,000 rights shares. The table below sets out the proposed applications of the net proceeds and actual utilisation up to 30 June 2017.

	Proposed applications of the net proceeds HK\$ million	Amount utilised up to 30 June 2017 HK\$ million	Unutilised balance up to 30 June 2017 HK\$ million
Develop and construct new utility-scale ground mounted solar farms for the Group	979.4	116.0	863.4
Expand, renew and upgrade the Group's solar glass production facilities	226.0	78.6	147.4
General working capital	301.4	298.0	3.4
Total	<u>1,506.8</u>	<u>492.6</u>	<u>1,014.2</u>

The unutilised net proceeds have been deposited into reputable banks in Hong Kong and Mainland China.

### Financial Resources and Liquidity

During the six months ended 30 June 2017, the total assets of the Group increased by 33.1% to HK\$22,350.5 million and shareholders' equity increased by 44.2% to HK\$8,965.7 million. The Group's current ratio as at 30 June 2017 was 1.3, compared to 1.0 as at 31 December 2016. The improvement in current ratio is primarily due to the increase in cash and cash equivalents as a result of the Rights Issue completed in June 2017.

## Management's Discussion and Analysis

The confluence of the cash flow generated from the Group's business operations, significant banking facilities and the proceeds from Rights Issue, has substantially strengthened the Group's financial resources. As at 30 June 2017, total cash and bank balances of the Group stood at HK\$2,449.7 million, 190.5% higher than the corresponding figure at 31 December 2016. During the six months ended 30 June 2017, net cash inflow from operating activities amounted to HK\$200.0 million (2016: HK\$434.6 million). The decrease in net cash inflow was primarily attributable to the increase in tariff adjustments receivables as a result of the expanded solar farm operation and the increase in trade receivables of the Group's EPC services business. Net cash used for investing activities amounted to HK\$987.4 million (2016: HK\$3,022.4 million). The decrease was primarily due to the decline in capital expenditures as fewer solar farm projects were under construction during the period. Net cash generated from financing activities amounted to HK\$2,382.6 million (2016: HK\$1,481.1 million). During the period under review, the Group secured new bank borrowings of HK\$1,999.7 million, repaid bank borrowings of HK\$1,123.9 million and raised net proceeds of HK\$1,506.8 million from the Rights Issue.

The Group's net debt gearing ratio as at 30 June 2017 was 49.2% (31 December 2016: 78.4%). This ratio is based on bank borrowings less cash and cash equivalents divided by total equity. The gearing level of the Group decreased during the review period primarily due to (i) the increase in cash and cash equivalents and the expansion of equity base following the Rights Issue; and (ii) the increase in total equity as a result of profit growth and translation gains for RMB-denominated assets caused by the rebound in the exchange rate of the RMB.

During the period under review, trade and bills receivables of the Group increased significantly, primarily due to: (i) a significant increase in EPC income, a substantial part of which is recognised upon the completion of contracts before 30 June 2017; (ii) a delay in the collection of subsidy payment (tariff adjustment receivables) for its solar farms; and (iii) increased sales in the solar glass segment, particularly in the second quarter of 2017. As at 30 June 2017, trade receivables amounted to HK\$4,060.4 million, comprising receivables of HK\$1,016.7 million, HK\$1,523.2 million and HK\$1,520.5 million in the solar glass, solar farm and EPC services segment respectively. Subsequent to 30 June 2017, the Group has received HK\$613.9 million in relation to the outstanding trade receivables of its EPC service business.

# Management's Discussion and Analysis

## Capital Expenditures and Commitments

The Group incurred capital expenditures of HK\$990.1 million for the six months ended 30 June 2017 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. Capital commitments contracted for but not incurred by the Group as at 30 June 2017 amounted to HK\$738.5 million, which were mainly related to the development and construction of the solar farm projects in China and certain balance payments for the newly added solar glass production facilities.

## Pledge of Assets

No assets of the Group were pledged as security for bank borrowings as of 30 June 2017.

## Contingent Liabilities

As at 30 June 2017, the Group did not have any significant contingent liabilities.

## Material Acquisitions and Disposal of Subsidiaries

There was no material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2017.

## 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 Hong Kong dollar ("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 rebound of the exchange rate of RMB during the period under review, the Group reported non-cash translation gains — an increase in the reserve of its consolidated balance sheet — when converting RMB-denominated assets into HKD. For the six months ended 30 June 2017, exchanges gains of HK\$432.4 million were recorded as the exchange reserve movement, reducing the debit balance of consolidated exchange reserve account from HK\$1,006.9 million at 31 December

## Management's Discussion and Analysis

2016 to HK\$574.5 million at 30 June 2017. The Group also has solar glass production facilities and production activities in Malaysia. Exchange rate fluctuations between Malaysian Ringgit ("MYR") and HKD could affect the Group's performance and asset value. For the Group's solar farm business, the revenue from solar power electricity generation is denominated in RMB while the bank borrowings are 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. As at 30 June 2017, all the bank borrowings of the Group were denominated in HKD.

The Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations. The Group may use financial instruments for hedging purposes as and when required. During the six months ended 30 June 2017, the Group did not use any financial instrument for hedging purpose.

### Employees and Remuneration Policy

As at 30 June 2017, the Group had about 3,470 full-time employees of whom 3,053 were based in Mainland China and 417 were based in Hong Kong, Malaysia and other countries. The total staff costs, including the emoluments of the Directors, amounted to HK\$149.5 million for the six months ended 30 June 2017.

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

### Share Option Scheme

Pursuant to the share option scheme adopted by the Company in June 2014, 7,381,500 share options were granted to selected employees and an executive director in March 2017. The validity period of the options is from 31 March 2017 to 31 March 2021. One third of the options will vest on each of the year-end date of 2017, 2018 and 2019 if each grantee has met the conditions of vesting as stated in the letter of grant.

## Condensed Consolidated Income Statement

		Six months ended 30 June	
	Note	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	5,309,673	3,174,932
Cost of sales	7	(3,507,758)	(1,622,749)
<b>Gross profit</b>		<b>1,801,915</b>	<b>1,552,183</b>
Other income	4	58,860	83,878
Other (losses)/gains, net	5	(161)	1,334
Selling and marketing expenses	7	(99,318)	(89,272)
Administrative and other operating expenses	7	(188,985)	(180,207)
<b>Operating profit</b>		<b>1,572,311</b>	<b>1,367,916</b>
Finance income	6	1,759	7,231
Finance costs	6	(82,694)	(35,197)
Share of profits of a joint venture	12	19,360	13,412
Share of losses of associates		(127)	—
<b>Profit before income tax</b>		<b>1,510,609</b>	<b>1,353,362</b>
Income tax expense	8	(153,289)	(153,808)
<b>Profit for the period</b>		<b>1,357,320</b>	<b>1,199,554</b>
<b>Profit for the period attributable to:</b>			
– the equity holders of the Company		1,254,909	1,115,823
– non-controlling interests		102,411	83,731
		<b>1,357,320</b>	<b>1,199,554</b>
<b>Earnings per share attributable to the equity holders of the Company</b> (Expressed in HK cents per share)			(Restated)
– Basic	9	18.25	16.42
– Diluted	9	18.23	16.42

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

## Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Profit for the period	1,357,320	1,199,554
<b>Other comprehensive income, net of tax:</b> Items that may be reclassified to profit or loss		
Currency translation differences	490,005	(139,284)
Share of other comprehensive income of a joint venture accounted for under equity method		
– Share of currency translation differences	7,621	(2,136)
<b>Total comprehensive income for the period</b>	<b>1,854,946</b>	<b>1,058,134</b>
<b>Total comprehensive income for the period attributable to:</b>		
– the equity holders of the Company	1,687,278	992,629
– non-controlling interests	167,668	65,505
	<b>1,854,946</b>	<b>1,058,134</b>



## Condensed Consolidated Balance Sheet

		As at	
		30 June 2017	31 December 2016
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Note			
<b>ASSETS</b>			
<b>Non-current assets</b>			
	Land use rights	11 394,401	326,821
	Property, plant and equipment	13 12,440,599	11,078,655
	Prepayments for property, plant and equipment, land use rights and operating leases	15 324,686	383,913
	Interests in a joint venture	12 361,695	329,827
	Investments in associates	61,620	61,747
	Deferred income tax assets	837	197
	Goodwill	2,077	1,066
	<b>Total non-current assets</b>	<b>13,585,915</b>	<b>12,182,226</b>
<b>Current assets</b>			
	Inventories	520,529	288,428
	Amounts due from customers for construction work	44,966	211,739
	Trade and bills receivables	14 4,437,223	2,020,372
	Prepayments, deposits and other receivables	15 1,312,171	1,240,286
	Cash and cash equivalents	2,449,671	843,332
	<b>Total current assets</b>	<b>8,764,560</b>	<b>4,604,157</b>
	<b>Total assets</b>	<b>22,350,475</b>	<b>16,786,383</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
	Share capital	17 742,368	674,880
	Other reserves	3,263,385	1,835,734
	Retained earnings	4,959,982	3,705,011
		8,965,735	6,215,625
	Non-controlling interests	1,384,852	1,212,163
	<b>Total equity</b>	<b>10,350,587</b>	<b>7,427,788</b>

## Condensed Consolidated Balance Sheet

		As at	
		30 June 2017	31 December 2016
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	19	5,430,523	4,713,543
Other payables		55,190	53,901
<b>Total non-current liabilities</b>		5,485,713	4,767,444
<b>Current liabilities</b>			
Bank borrowings	19	2,111,147	1,952,388
Trade and other payables	16	3,758,925	2,538,635
Amounts due to related companies		43,225	16,028
Amount due to a joint venture		27,553	20,582
Dividend payable		445,422	—
Current income tax liabilities		127,903	63,518
<b>Total current liabilities</b>		6,514,175	4,591,151
<b>Total liabilities</b>		11,999,888	9,358,595
<b>Total equity and liabilities</b>		22,350,475	16,786,383

## 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 2017	<u>674,880</u>	<u>2,108,790</u>	<u>(273,056)</u>	<u>3,705,011</u>	<u>6,215,625</u>	<u>1,212,163</u>	<u>7,427,788</u>
<b>Comprehensive income</b>							
Profit for the period	—	—	—	1,254,909	1,254,909	102,411	1,357,320
<b>Other comprehensive income</b>							
Currency translation differences	—	—	424,748	—	424,748	65,257	490,005
Share of other comprehensive income of a joint venture accounted for using the equity method	—	—	7,621	—	7,621	—	7,621
<b>Total comprehensive income for the period</b>	<u>—</u>	<u>—</u>	<u>432,369</u>	<u>1,254,909</u>	<u>1,687,278</u>	<u>167,668</u>	<u>1,854,946</u>
<b>Transactions with owners</b>							
Issuance of shares, net of transaction costs	67,488	1,439,347	—	—	1,506,835	—	1,506,835
Acquisition of a subsidiary	—	—	—	—	—	5,021	5,021
Employee's share option scheme							
– value of employee services	—	—	1,418	—	1,418	—	1,418
– release of share option reserve upon exercise and lapse of share options	—	—	(62)	62	—	—	—
Dividend relating to 2016	—	(445,421)	—	—	(445,421)	—	(445,421)
Balance at 30 June 2017	<u>742,368</u>	<u>3,102,716</u>	<u>160,669</u>	<u>4,959,982</u>	<u>8,965,735</u>	<u>1,384,852</u>	<u>10,350,587</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	—	—	(121,058)	—	(121,058)	(18,226)	(139,284)
Share of other comprehensive income of a joint venture accounted for using the equity method	<u>—</u>	<u>—</u>	<u>(2,136)</u>	<u>—</u>	<u>(2,136)</u>	<u>—</u>	<u>(2,136)</u>
<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	<u>—</u>	<u>(303,696)</u>	<u>—</u>	<u>—</u>	<u>(303,696)</u>	<u>—</u>	<u>(303,696)</u>
<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 Statements of Cash Flows

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Operating cash flow before working capital changes	1,614,339	1,395,318
Changes in working capital:		
Inventories	(224,416)	(20,136)
Trade and other receivables	(2,459,742)	(1,125,145)
Trade and other payables	1,063,962	174,306
Others	205,826	10,302
<b>Cash flows from operating activities - net</b>	<b>199,969</b>	<b>434,645</b>
<b>Cash flows from investing activities</b>		
Purchases of and prepayments for land use rights and operating leases	(4,115)	(61,228)
Purchases of and prepayments for purchase of property, plant and equipment	(985,964)	(2,967,396)
Acquisition of a subsidiary, net of cash acquired	586	(997)
Proceeds from disposal of property, plant and equipment	336	—
Other investing cash flow – net	1,759	7,231
<b>Cash flows from investing activities - net</b>	<b>(987,398)</b>	<b>(3,022,390)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issuance of ordinary shares for rights issues	1,506,835	—
Proceeds from bank borrowings	1,999,675	1,653,905
Repayment of bank borrowings	(1,123,937)	(172,857)
<b>Cash flows from financing activities - net</b>	<b>2,382,573</b>	<b>1,481,048</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,595,144</b>	<b>(1,106,697)</b>
Cash and cash equivalents at beginning of the period	843,332	2,868,703
Effect of foreign exchange rate changes	11,195	(5,699)
<b>Cash and cash equivalents at end of the period</b>	<b>2,449,671</b>	<b>1,756,307</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 through the production complexes located in the Mainland China (the “**PRC**”) and Malaysia. In addition, the Group is also engaged in the development and operation of solar farms as well as the engineering, procurement and construction (“**EPC**”) services 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 31 July 2017.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2017 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 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2017.

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

### (a) Amendments to HKFRSs adopted by the Group

The following changes are effective for annual periods beginning on or after 1 January 2017. The adoption of which does not have a material impact on the Group.

Amendments to HKAS 12, 'Income taxes'

- These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

Amendments to HKAS 7, 'Statement of cash flows'

- The amendments introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendment to HKFRS 12, 'Disclosure of interest in other entities'

- The amendment is part of the annual improvements to HKFRSs 2014-2016 cycle. It clarifies that the disclosure requirement of HKFRS 12 is applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of HKFRS 12).

# Notes to the Condensed Consolidated Financial Information

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

- (b) New and amended standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2017 and not early adopted by the Group

		Effective for accounting periods beginning on or after
Annual Improvements Project HKFRS 1 and HKAS 28	Annual Improvements 2014-2016 Cycle (amendments)	1 January 2018
HKFRS 2	Classification and Measurement of Share-based Payment Transactions (amendments)	1 January 2018
HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts (amendments)	1 January 2018
HKFRS 9	Financial Instruments (new standard)	1 January 2018
HKFRS 15	Revenue from Contracts with Customers (new standard)	1 January 2018
HKFRS 15	Clarifications to HKFRS 15 (amendments)	1 January 2018
HKAS 40	Transfers of Investment Property (amendments)	1 January 2018
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration (new interpretation)	1 January 2018
HKFRS 16	Leases (new standard)	1 January 2019
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	Note

*Note:* No mandatory effective date determined but early adoption permitted.



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

#### (c) Impact of standards issued but not yet applied by the Group

##### (i) HKFRS 9 “Financial instruments”

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the financial assets currently held by the Group includes debt instruments currently classified as loans and receivables which would likely continue to be measured at amortised cost. Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group’s disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The impacts on the Group’s financial results and position upon the adoption of HKFRS 9 are not expected to be material. The new standard is not expected to be applied by the Group until the financial year ending 31 December 2018.

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

### (c) Impact of standards issued but not yet applied by the Group (Continued)

#### (ii) HKFRS 15 “Revenue from contracts with customers”

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- (i) Identify the contract(s) with a customer;
- (ii) Identify the performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to each performance obligation; and
- (v) Recognise revenue when each performance obligation is satisfied.

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

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

### (c) Impact of standards issued but not yet applied by the Group (Continued)

#### (ii) HKFRS 15 “Revenue from contracts with customers” (Continued)

Management is currently assessing the effects of applying the new standard on the Group’s financial statements and has identified the following areas that are likely to be affected:

- (i) revenue from service – the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue;
- (ii) accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15; and
- (iii) rights of return – HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

More detailed assessments will be carried out by the Group to estimate the impact of the new rules on the Group’s financial statements.

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

### (c) Impact of standards issued but not yet applied by the Group (Continued)

#### (iii) HKFRS 16 “Leases”

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the balance sheet. Instead, all long-term leases must be recognised in the balance sheet in the form of assets (for the rights of use) and lease liabilities (for the payment obligations). Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the balance sheet. In the income statement, rental expenses will be replaced with depreciation and interest expense. The new standard is not expected to be applied by the Group until the financial year ending 31 December 2019. HKFRS 16 will primarily affect the accounting for the Group’s operating leases. At 30 June 2017, the Group had non-cancellable operating lease commitments of HK\$933,761,000. Upon adoption of HKFRS 16 the majority of operating lease commitments will be recognised in the consolidated statement of financial position as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortised cost and the right-of-use assets will be depreciated on a straight-line basis during the lease term.

Management is in the process of making an assessment on the impact of other new and revised HKFRSs and considered on a preliminary basis that their application will have no significant impact on the financial performance and the financial position of the Group.

# Notes to the Condensed Consolidated Financial Information

## 3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Sales of solar glass	<u>2,447,297</u>	<u>2,417,655</u>
Solar farm business		
– Sales of electricity	270,585	179,857
– Tariff adjustment	<u>463,895</u>	<u>296,295</u>
	<u>734,480</u>	<u>476,152</u>
Construction contracts revenue - EPC services	<u>2,127,896</u>	<u>281,125</u>
Total revenue	<u>5,309,673</u>	<u>3,174,932</u>

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

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

For the six months ended 30 June 2017, there are three operating segments based on business type: (1) sales of solar glass; (2) solar farm business, which includes solar farm development and solar power generation; and (3) EPC services.

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

## Notes to the Condensed Consolidated Financial Information

### 3 REVENUE AND SEGMENT INFORMATION (Continued)

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 2017 and 2016 respectively.

	Six months ended 30 June 2017 (Unaudited)				Total HK\$'000
	Sales of solar glass HK\$'000	Solar farm business HK\$'000	EPC services HK\$'000	Unallocated HK\$'000	
Segment revenue	2,447,506	734,480	2,127,896	—	5,309,882
Inter-segment revenue	(209)	—	—	—	(209)
Revenue from external customers	2,447,297	734,480	2,127,896	—	5,309,673
Cost of sales	(1,748,414)	(170,892)	(1,588,452)	—	(3,507,758)
Gross profit	<u>698,883</u>	<u>563,588</u>	<u>539,444</u>	<u>—</u>	<u>1,801,915</u>
Depreciation charge of property, plant and equipment	85,753	147,890	243	—	233,886
Amortisation charge of land use rights	3,581	—	—	—	3,581
Additions to non-current assets (other than deferred income tax assets)	<u>337,021</u>	<u>884,465</u>	<u>1,470</u>	<u>32,753</u>	<u>1,255,709</u>

## Notes to the Condensed Consolidated Financial Information

### 3 REVENUE AND SEGMENT INFORMATION (Continued)

	Six months ended 30 June 2016 (Unaudited)			
	Sales of	Solar farm	EPC	Total
	solar glass	business	services	
	HK\$'000	HK\$'000	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>

Reportable segment assets/(liabilities) are as follows:

	Segment assets and liabilities				
	Solar glass	Solar farm	EPC	Unallocated	Total
	HK\$'000	business	services		
<b>At 30 June 2017 (Unaudited)</b>					
Total assets	8,271,873	11,833,062	1,705,300	540,240	22,350,475
Total liabilities	<u>2,357,589</u>	<u>4,535,374</u>	<u>768,400</u>	<u>4,338,525</u>	<u>11,999,888</u>
<b>At 31 December 2016 (Audited)</b>					
Total assets	5,477,696	10,318,610	587,524	402,553	16,786,383
Total liabilities	<u>1,549,441</u>	<u>4,710,291</u>	<u>192,328</u>	<u>2,906,535</u>	<u>9,358,595</u>

## Notes to the Condensed Consolidated Financial Information

### 3 REVENUE AND SEGMENT INFORMATION (Continued)

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

	Assets as at		Liabilities as at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Segment assets/(liabilities)	21,810,235	16,383,830	(7,661,363)	(6,452,060)
Unallocated:				
Property, plant and equipment	448	213	—	—
Interests in a joint venture	361,695	329,827	—	—
Investments in associates	61,620	61,747	—	—
Prepayments, deposits and other receivables	12,770	10,199	—	—
Cash and cash equivalents	103,707	567	—	—
Trade and other payables	—	—	(5,734)	(1,306)
Dividend payables	—	—	(445,422)	(2)
Bank borrowings	—	—	(3,887,369)	(2,905,227)
Total assets/(liabilities)	<u>22,350,475</u>	<u>16,786,383</u>	<u>(11,999,888)</u>	<u>(9,358,595)</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	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Segment gross profit	1,801,915	1,552,183
Unallocated:		
Other income	58,860	83,878
Other (losses)/gains, net	(161)	1,334
Selling and marketing expenses	(99,318)	(89,272)
Administrative and other operating expenses	(188,985)	(180,207)
Finance income	1,759	7,231
Finance costs	(82,694)	(35,197)
Share of profits of a joint venture	19,360	13,412
Share of losses of associates	(127)	—
Profit before income tax	<u>1,510,609</u>	<u>1,353,362</u>

## Notes to the Condensed Consolidated Financial Information

### 3 REVENUE AND SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from sales of solar glass		
The PRC	2,090,424	2,077,449
Other countries	356,873	340,206
	<u>2,447,297</u>	<u>2,417,655</u>
Revenue from electricity generation in the PRC		
Sales of electricity	270,585	179,857
Tariff adjustment	463,895	296,295
	<u>734,480</u>	<u>476,152</u>
EPC service income		
The PRC	2,071,145	271,139
Other countries	56,751	9,986
	<u>2,127,896</u>	<u>281,125</u>
Total revenue	<u>5,309,673</u>	<u>3,174,932</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 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Non-current assets other than deferred income tax assets		
– The PRC	12,868,197	11,560,186
– Other countries	716,881	621,843
	<u>13,585,078</u>	<u>12,182,029</u>

### 4 OTHER INCOME

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Rental income	638	949
Government grants (Note (a))	45,216	63,536
Others (Note (b))	13,006	19,393
	<u>58,860</u>	<u>83,878</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 and tariff adjustments in relation to the electricity generated by the solar power system installed on the roof-top of the Group's production complex.

## Notes to the Condensed Consolidated Financial Information

### 5 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Foreign exchange gains, net	97	1,334
Loss on disposal of property, plant and equipment	(258)	—
	<u>(161)</u>	<u>1,334</u>

### 6 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income on bank deposits	<u>1,759</u>	<u>7,231</u>
Finance costs		
Interest on bank borrowings	101,720	51,173
Less: Amounts capitalised on qualifying assets	<u>(19,026)</u>	<u>(15,976)</u>
	<u>82,694</u>	<u>35,197</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	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Depreciation charge of property, plant and equipment	233,886	182,043
Amortisation charge of land use rights	3,581	2,034
Employee benefit expenses (including directors' emoluments)	149,502	115,815
Cost of inventories sold	1,571,463	1,140,525
Construction contracts costs	1,588,452	211,903
Provision for impairment of trade receivables	1,104	—
Operating lease payments in respect of land and buildings	18,208	13,523
Other selling expenses (including transportation and advertising costs)	89,667	71,413
Research and development expenditures	89,758	95,618
Other expenses	50,440	59,354
	<u>3,796,061</u>	<u>1,892,228</u>

## Notes to the Condensed Consolidated Financial Information

### 8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong profits tax (Note (a))	42	226
PRC corporate income tax ("CIT") (Note (b))	<u>153,887</u>	<u>153,582</u>
	153,929	153,808
Deferred income tax	<u>(640)</u>	<u>—</u>
Income tax expense	<u>153,289</u>	<u>153,808</u>

*Notes:*

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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% (2016: 15%) for the period as it enjoyed high-tech enterprise income tax benefit. Solar farm companies of the Group in the PRC enjoyed tax holiday and their profits derived from electricity generation are fully exempted from CIT for three years starting from its first year of profitable operations, followed by 50% reduction in CIT in next three years.
- (c) Xinyi Solar (Malaysia) Sdn Bhd, a subsidiary established in Malaysia, has been granted in principle income tax exemption equivalent to 100% capital allowance incurred on qualifying capital expenditure for the manufacture of photovoltaic glass for a period of 10 years.

# Notes to the Condensed Consolidated Financial Information

## 9 EARNINGS PER SHARE

### (a) Basic

The basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2017 (Unaudited)	2016 (Restated) (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	1,254,909	1,115,823
Weighted average number of ordinary shares in issue (thousands)	6,874,755	6,794,848
Basic earnings per share (HK cents)	<u>18.25</u>	<u>16.42</u>

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares from share options. The calculation for share options is determined by the number of shares that could have been acquired at fair value (determined as the average 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.

## Notes to the Condensed Consolidated Financial Information

### 9 EARNINGS PER SHARE (Continued)

#### (b) Diluted (Continued)

	Six months ended 30 June	
	2017 (Unaudited)	2016 (Restated) (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	<u>1,254,909</u>	<u>1,115,823</u>
Weighted average number of ordinary shares in issue (thousands)	<u>6,874,755</u>	6,794,848
Adjustments for share options (thousands)	<u>10,663</u>	<u>472</u>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>6,885,418</u>	<u>6,795,320</u>
Diluted earnings per share (HK cents)	<u>18.23</u>	<u>16.42</u>

Basic earnings per share and diluted earnings per share for the six months ended 30 June 2016 have been restated to take into account the effects of the rights issue of the Company completed in June 2017.



## Notes to the Condensed Consolidated Financial Information

### 10 DIVIDENDS

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Final dividend for 2016 of 6.0 HK cents (2015: 4.5 HK cents) per share	445,421	303,696
Proposed interim dividend of 8.0 HK cents (2016: 8.0 HK cents) per share	<u>593,894</u>	<u>539,904</u>

At a meeting of the Board held on 31 July 2017, the Directors resolved to declare an interim dividend of 8.0 HK cents per share for the six months ended 30 June 2017. The amount of 2017 proposed interim dividend is based on shares in issue as at 30 June 2017.

This interim dividend, amounting to HK\$593,894,000 (2016: HK\$539,904,000), has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2017.

### 11 LAND USE RIGHTS

	Six months	Year ended
	ended 30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Opening net book amount at 1 January	326,821	180,372
Additions	58,452	169,252
Amortisation charge	(3,581)	(5,402)
Currency translation differences	<u>12,709</u>	<u>(17,401)</u>
Closing net book amount at 30 June/31 December	<u>394,401</u>	<u>326,821</u>

## Notes to the Condensed Consolidated Financial Information

### 12 INTERESTS IN A JOINT VENTURE

	Six months ended 30 June 2017 HK\$'000 (Unaudited)	Year ended 31 December 2016 HK\$'000 (Audited)
At 1 January	329,827	175,263
Share of profits	19,360	31,125
Advance to a joint venture	4,887	150,267
Currency translation differences	7,621	(12,604)
Elimination of unrealised profit	—	(14,224)
<b>At 30 June/31 December</b>	<b>361,695</b>	<b>329,827</b>

### 13 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Solar Farms HK\$'000	Office equipment HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Six months ended 30 June 2017 (Unaudited)						
Opening net book amount at 1 January 2017	496,897	1,879,300	7,357,572	2,317	1,342,569	11,078,655
Additions	368	17,563	59,904	1,216	1,140,444	1,219,495
Transfer	401,411	952,851	455,014	—	(1,809,276)	—
Acquisitions of subsidiaries	—	4,237	—	—	—	4,237
Disposals	—	(594)	—	—	—	(594)
Depreciation charge	(10,914)	(85,085)	(145,207)	(365)	—	(241,571)
Currency translation differences	26,096	77,638	244,338	96	32,209	380,377
<b>Closing net book amount at 30 June 2017</b>	<b>913,858</b>	<b>2,845,910</b>	<b>7,971,621</b>	<b>3,264</b>	<b>705,946</b>	<b>12,440,599</b>

## Notes to the Condensed Consolidated Financial Information

### 14 TRADE AND BILLS RECEIVABLES

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Trade receivables	4,061,527	1,895,278
Bills receivables	376,800	125,094
	<u>4,438,327</u>	<u>2,020,372</u>
Less: Provision for impairment of trade receivables	(1,104)	—
Trade and bills receivables, net	<u>4,437,223</u>	<u>2,020,372</u>

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

Trade and bills receivables	Solar farm		EPC	Total
	Solar glass HK\$'000	business HK\$'000	services HK\$'000	
<b>At 30 June 2017 (Unaudited)</b>				
Sales of solar glass	1,357,456	—	—	1,357,456
Sales of electricity	—	109,218	—	109,218
Tariff adjustment	—	1,413,975	—	1,413,975
EPC service revenue	—	—	1,556,574	1,556,574
<b>Total</b>	<u>1,357,456</u>	<u>1,523,193</u>	<u>1,556,574</u>	<u>4,437,223</u>
<b>At 31 December 2016 (Audited)</b>				
Sales of solar glass	747,343	—	—	747,343
Sales of electricity	—	56,140	—	56,140
Tariff adjustment	—	879,980	—	879,980
EPC service revenue	—	—	336,909	336,909
<b>Total</b>	<u>747,343</u>	<u>936,120</u>	<u>336,909</u>	<u>2,020,372</u>

## Notes to the Condensed Consolidated Financial Information

### 14 TRADE AND BILLS RECEIVABLES (Continued)

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

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
0 - 90 days	2,715,851	1,034,692
91 - 180 days	297,806	338,924
181 - 365 days	542,932	388,079
1 - 2 years	500,447	133,583
Over 2 years	3,387	—
	<u>4,060,423</u>	<u>1,895,278</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.

## Notes to the Condensed Consolidated Financial Information

### 14 TRADE AND BILLS RECEIVABLES (Continued)

Given the track record of regular repayment of receivables from sales of electricity, all trade receivable from sales of electricity were expected to be recoverable. For tariff adjustment receivables, they are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement (2016: Nil). The Group has two ground-mounted solar farms, located in Jinzhai and Sanshan, Anhui Province with aggregate capacity of 250MW, successfully enlisted on the sixth batch of the "Renewable Energy Tariff Subsidy Catalogue". During the six months ended 30 June 2017, the Group received subsidy payments of RMB39,676,000 (equivalent to approximately HK\$45,293,000) in relation to the electricity generation from May to July 2015 for these two solar farms. 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 2017 (2016: Nil).

For the EPC services, receivables are normally settled within one year by instalments in accordance with the terms specified in the relevant EPC contracts. There is no recent history of default. Management believes that no impairment allowance is necessary.

## Notes to the Condensed Consolidated Financial Information

### 15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Prepayments	526,556	513,718
Deposits and other receivables	128,276	150,957
Other tax receivables (Note)	982,025	959,524
	<u>1,636,857</u>	<u>1,624,199</u>
Less: Non-current portion:		
Prepayments for property, plant and equipment, land use rights and operating leases	<u>(324,686)</u>	<u>(383,913)</u>
Current portion	<u>1,312,171</u>	<u>1,240,286</u>

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

## Notes to the Condensed Consolidated Financial Information

### 16 TRADE AND OTHER PAYABLES

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Trade payables	984,229	403,778
Retention payables for EPC services	3,184	3,084
Bills payables	652,005	466,243
	<u>1,639,418</u>	<u>873,105</u>
Trade, retention and bills payables	1,639,418	873,105
Accruals and other payables	2,174,697	1,719,431
	<u>3,814,115</u>	<u>2,592,536</u>
Less: Non-current portion:		
Retention payables for construction of solar farms	(55,190)	(53,901)
	<u>(55,190)</u>	<u>(53,901)</u>
Current portion	3,758,925	2,538,635
	<u>3,758,925</u>	<u>2,538,635</u>

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

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
0 - 90 days	826,116	344,181
91 - 180 days	48,106	14,289
181 - 365 days	78,649	24,999
Over 1 year	34,542	23,393
	<u>987,413</u>	<u>406,862</u>

The maturity of the bills payables is within 6 months.

## Notes to the Condensed Consolidated Financial Information

### 17 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares (thousands)	Ordinary shares of HK\$0.1 each HK\$'000	Share premium HK\$'000	Total HK\$'000
<b>Authorised:</b>				
At 31 December 2016 and 30 June 2017	80,000,000	8,000,000	—	8,000,000
<b>Issued:</b>				
At 1 January 2017	6,748,800	674,880	2,108,790	2,783,670
Issuance of shares for rights issue (Note)	674,880	67,488	1,439,347	1,506,835
Dividend relating to 2016	—	—	(445,421)	(445,421)
<b>At 30 June 2017</b>	<b>7,423,680</b>	<b>742,368</b>	<b>3,102,716</b>	<b>3,845,084</b>

*Note:* In June 2017, the Company allotted and issued 674,880,000 shares by way of rights shares of HK\$2.24 each. Proceeds of approximately HK\$1,511,731,000 were received and the related transaction costs of approximately HK\$4,896,000 were netted off with the proceeds. These shares rank pari passu in all respect with the then existing shares in issue. The excess over the par value of the shares were credited to the share premium account.



## 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 7,381,500 share options in March 2017 to eligible persons.

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

	For the six months ended 30 June			
	2017		2016	
	Average exercise price in HK dollars per share	Options (thousands)	Average exercise price in HK dollars per share	Options (thousands)
At 1 January	2.69	14,518	2.61	8,930
Granted (Note (a))	2.50	7,381	2.80	6,070
Adjustment on rights issue		146		—
Lapsed		(773)		(226)
At 30 June (Note (b))		<u>21,272</u>		<u>14,774</u>

# Notes to the Condensed Consolidated Financial Information

## 18 SHARE OPTIONS (Continued)

Note:

- (a) In March 2017, a total of 7,381,500 share options were granted to a director of the Company and employees of the Group. The validity period of the options is from 31 March 2017 to 31 March 2021. One third of the options will vest on each of the year-end date of 2017, 2018 and 2019 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\$0.72 per option. The significant inputs into the model are as follows:

Weighted average share price, at the grant date (HK\$)	2.48
Exercise price (HK\$)	2.50
Volatility (%)	53.14
Dividend yield (%)	4.83
Expected share option life (years)	3.50
Annual risk-free interest rate (%)	1.14

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the previous year.

- (b) Details of the share options outstanding at 30 June 2017 (after adjustments of the exercise prices and the number of share options as a result of the rights issue completed in June 2017) and 31 December 2016 are as follows:

Expiry date	At 30 June 2017 (Unaudited)		At 31 December 2016 (Audited)	
	Exercise price in HK dollars per share	Options (thousands)	Exercise price in HK dollars per share	Options (thousands)
23 July 2018	2.27	3,517	2.29	3,729
31 March 2019	2.84	4,562	2.86	4,752
31 March 2020	2.78	5,761	2.80	6,037
31 March 2021	2.48	7,432	—	—
		<u>21,272</u>		<u>14,518</u>

## Notes to the Condensed Consolidated Financial Information

### 19 BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Within 1 year	2,111,147	1,952,388
Between 1 and 2 years	3,617,205	2,634,280
Between 2 and 5 years	<u>1,813,318</u>	<u>2,079,263</u>
	7,541,670	6,665,931
Less: Non-current portion	<u>(5,430,523)</u>	<u>(4,713,543)</u>
Current portion	<u>2,111,147</u>	<u>1,952,388</u>

As at 30 June 2017, all bank borrowings bore floating interest rates. These bank borrowings are repayable by installments up to 2020. The carrying amounts of the Group's bank borrowings are denominated in HK\$ and approximate their fair values as at 30 June 2017. The effective interest rates per annum at reporting date were as follows:

	As at	
	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Bank borrowings	<u>2.66%</u>	<u>2.67%</u>

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

## Notes to the Condensed Consolidated Financial Information

### 20 COMMITMENTS

#### (a) Operating Lease Commitments

As at 30 June 2017, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Not later than one year	36,560	29,152
Later than 1 year and not later than 5 years	128,227	101,314
More than 5 years	768,974	574,895
	<u>933,761</u>	<u>705,361</u>

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 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Not later than one year	1,928	1,799
Later than 1 year and not later than 5 years	2,863	4,253
	<u>4,791</u>	<u>6,052</u>

#### (b) Capital Commitments

Capital expenditures of HK\$738,476,000 and HK\$1,481,150,000 was contracted for at 30 June 2017 and 31 December 2016 respectively 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	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Rental expenses paid to:	i, vi		
– Xinyi EnergySmart (Wuhu) Company Limited*		498	547
– Xinyi Glass (Tianjin) Company Limited*		2,103	2,365
		<u>2,601</u>	<u>2,912</u>
Rental income received from:			
– Xinyi EnergySmart (Wuhu) Company Limited*	i, vi	498	547
Purchases of glass products from:	ii, vi		
– Xinyi EnergySmart (Wuhu) Company Limited*		41,537	23,194
– Xinyi Automobile Parts (Wuhu) Company Limited*		496	823
– Xinyi Electronic Glass (Wuhu) Company Limited*		1,773	22,803
– Xinyi Automobile Glass (Shenzhen) Company Limited*		1,925	—
– Xinyi Glass (Tianjin) Company Limited*		—	13,978
		<u>45,731</u>	<u>60,798</u>

## Notes to the Condensed Consolidated Financial Information

### 21 RELATED PARTY TRANSACTIONS (Continued)

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

		Six months ended 30 June	
	Note	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Transportation fee paid to:			
– Wuhu Xinhe Logistics Company Limited*	iii, vi	—	119,371
– Wuhu Xinhe Logistics Company Limited Wuhu Branch*		3,351	—
– Wuhu Xincal Logistics Company Limited ^		22,687	—
– Wuhu Xinzhi Logistics Company Limited *		6,943	—
		<u>32,981</u>	<u>119,371</u>
Purchases of machinery from:			
– Wuhu Jinsanishi Numerical Control Technology Company Limited*	iv, vi	24,956	13,017
– Xinyi Ultra-clear Photovoltaic Glass (Dongguan) Company Limited*	v	133	819
		<u>25,089</u>	<u>13,836</u>

## Notes to the Condensed Consolidated Financial Information

### 21 RELATED PARTY TRANSACTIONS (Continued)

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

		Six months ended 30 June	
		2017	2016
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
	Note		
Sales of glass products to:	v		
– Xinyi Automobile Parts (Wuhu) Company Limited*		361	404
– Xinyi Glass (Tianjin) Company Limited*		34	480
		<u>395</u>	<u>884</u>
Consultancy fee paid to:			
– Xinyi Glass Japan Company Limited*	v	412	279
Acquisition of Wuhu Xincal Logistics Company Limited^ from Wuhu Xinhe Logistics Company Limited*	v	1,136	—

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

^ Ceased to be a related party after becoming a wholly-owned subsidiary of the Group in February 2017. The above amount represents the related party transactions between this company and the Group during the relevant period.

# Notes to the Condensed Consolidated Financial Information

## 21 RELATED PARTY TRANSACTIONS (Continued)

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

Notes:

- (i) The leases of premises were charged at mutually agreed rental. Details of the 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. Details of the transactions were disclosed in the Company's announcement dated 20 December 2016.
- (iii) The transportation fee paid was charged at mutually agreed fee. Details of the transactions were disclosed in the Company's announcement dated 20 December 2016.
- (iv) The purchases of machinery were charged at considerations based on mutually agreed terms. Details of the transactions were disclosed in the Company's announcement dated 20 December 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 transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Key management compensation amounted to HK\$16,493,000 for the six month ended 30 June 2017 (2016: HK\$9,258,000).

### (b) Balances with Related Parties

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Amount due to a joint venture		
– Xinyi Solar (Lu'an) Company Limited	27,553	20,582
Amounts due to related parties		
– Wuhu Jinsanishi Numerical Control Technology Company Limited	43,155	15,961
– Xinyi Glass Japan Company Limited	70	67



## 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 2017 (2016: 8.0 HK cents) to be paid to all shareholders of the Company with their names recorded on the register of members of the Company at the close of business on Thursday, 17 August 2017. The interim dividend is expected to be payable on or about Tuesday, 19 September 2017. The Company's register of members will be closed from Tuesday, 15 August 2017 to Thursday, 17 August 2017 (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 Monday, 14 August 2017.

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

For the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the applicable Code Provisions in the Corporate Governance Code (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 2017.

### 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 2017.

### CHANGES IN DIRECTORS’ INFORMATION

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

Mr. CHENG Kwok Kin, Paul, independent non-executive director of the Company, was appointed as an independent non-executive director of Bank of Shanghai (Hong Kong) Limited, a restricted licence bank in Hong Kong, on 29 June 2017.

Mr. LO Wan Sing, Vincent, independent non-executive director of the Company, was appointed as an independent non-executive director of Ever Harvest Group Holdings Limited (Stock code: 01549), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. LO was awarded Silver Bauhinia Star (S.B.S.) by Hong Kong Special Administrative Region Government on 1 July 2017.

### 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 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, the underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)), as recorded in the register required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

## Further Information on the Group

### THE COMPANY AND ASSOCIATED CORPORATIONS

#### (i) Long positions in the shares of the Company

Name of Director	Capacity	Name of the controlled corporations	Number of shares held	Approximate percentage of the Company's issued share capital
Datuk LEE Yin Yee, B.B.S. <sup>(1)</sup>	Interest in a controlled corporation <sup>(1)</sup>	Realbest (as defined below)	797,730,507	10.746%
	Interest in a controlled corporation <sup>(2)</sup>	Full Guang (as defined below)	73,190,000	0.986%
	Personal interest <sup>(1)</sup>		51,092,800	0.688%
	Interest in persons acting in concert <sup>(3)</sup>		2,420,175,364	32.601%
Datuk TUNG Ching Sai <sup>(4)</sup>	Interest in a controlled corporation <sup>(4)</sup>	Copark (as defined below)	271,625,837	3.659%
	Personal interest <sup>(4)</sup>		85,012,400	1.145%
	Interest in persons acting in concert <sup>(3)</sup>		2,420,175,364	32.601%
Mr. LI Man Yin <sup>(5)</sup>	Interest in a controlled corporation <sup>(5)</sup>	Perfect All (as defined below)	86,946,102	1.171%
	Personal interest <sup>(5)</sup>		4,356,000	0.059%
	Interest in persons acting in concert <sup>(3)</sup>		2,420,175,364	32.601%
Mr. LEE Yau Ching <sup>(6)</sup>	Interest in a controlled corporation <sup>(6)</sup>	Telerich (as defined below)	276,754,597	3.728%
Mr. CHEN Xi <sup>(7)</sup>	Personal interest		221,779	0.003%

## 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 797,730,507 shares. Datuk LEE Yin Yee, B.B.S. also has 51,092,800 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 16.21%, Datuk TUNG Ching Sai as to 16.21%, Mr. LEE Sing Din (father of Mr. LEE Yau Ching) as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.
- (3) Pursuant to an agreement dated 31 May 2013 and entered into by Datuk LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Datuk 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) Datuk TUNG Ching Sai is the beneficial owner of the entire issued share capital of Copark Investment Limited (“**Copark**”) which is the registered owner of 271,625,837 shares. Datuk TUNG Ching Sai also has 15,160,200 shares held in his own name and 69,852,200 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 86,946,102 shares. Mr. LI Man Yin also has 2,200,000 shares in his own name and 2,156,000 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 276,754,597 shares.
- (7) Mr. CHEN Xi has 221,779 shares held through his spouse, Madam Mao Ke.

## Further Information on the Group

### (ii) Share options of the Company

As at 30 June 2017, there were a total of 1,510,236 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	: 31 March 2017	23 March 2016	12 May 2015	24 July 2014
Number of share options granted	: 375,000	375,000	375,000	375,000
Number of share options outstanding at 30 June 2017	: 377,559 <sup>#</sup>	377,559 <sup>#</sup>	377,559 <sup>#</sup>	377,559 <sup>#</sup>
Exercise period	: 1 April 2020 to 31 March 2021	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\$2.48 <sup>#</sup>	HK\$2.78 <sup>#</sup>	HK\$2.84 <sup>#</sup>	HK\$2.27 <sup>#</sup>
Capacity in which interest is held	: Beneficial owner	Beneficial owner	Beneficial owner	Beneficial owner
Approximate percentage of the Company's issued share capital at 30 June 2017	: 0.005%	0.005%	0.005%	0.005%

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

### (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 2017:

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	671	9.65%
Datuk TUNG Ching Sai	Interest in a controlled corporation	Sharp Elite Holdings Limited	275	3.96%
Mr. Li Man Yin	Interest in a controlled corporation	Will Sail Limited	66	0.95%

Save as disclosed above, as at 30 June 2017, 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 2017, 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	1,956,580,231	26.356%
Xinyi Automobile Glass (BVI) Company Limited	Interest in a controlled corporation	1,956,580,231	26.356%
Xinyi Glass Holdings Limited	Beneficial owner	235,441,800	3.171%
	Interest in a controlled corporation	1,956,580,231	26.356%
Mr. TUNG Ching Bor	Interest in a controlled corporation <sup>(1)</sup>	293,443,102	3.953%
	Personal interest <sup>(1)</sup>	29,150,000	0.393%
	Interest in persons acting in concert <sup>(2)</sup>	2,420,175,364	32.601%

## 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>	276,754,597	3.728%
	Personal interest <sup>(3)</sup>	23,947,000	0.323%
	Interest in persons acting in concert <sup>(2)</sup>	2,420,175,364	32.601%
Mr. LI Ching Wai	Interest in a controlled corporation <sup>(4)</sup>	128,238,955	1.727%
	Interest in persons acting in concert <sup>(2)</sup>	2,420,175,364	32.601%
Mr. SZE Nang Sze	Interest in a controlled corporation <sup>(5)</sup>	116,193,859	1.565%
	Personal interest	2,415,600	0.033%
	Interest in persons acting in concert <sup>(2)</sup>	2,420,175,364	32.601%
Mr. NG Ngan Ho	Interest in a controlled corporation <sup>(6)</sup>	85,639,303	1.154%
	Personal interest	2,420,000	0.033%
	Interest in persons acting in concert <sup>(2)</sup>	2,420,175,364	32.601%
Mr. LI Ching Leung	Interest in a controlled corporation <sup>(7)</sup>	85,639,302	1.154%
	Personal interest <sup>(7)</sup>	6,380,000	0.086%
	Interest in persons acting in concert <sup>(2)</sup>	2,420,175,364	32.601%



## Further Information on the Group

### Notes:

- (1) Mr. TUNG Ching Bor's interests in the shares are held through High Park Technology Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor. Mr. TUNG Ching Bor's person interest in the shares is held through a joint account with his spouse, Madam KUNG Sau Wai.
- (2) Pursuant to an agreement dated 31 May 2013 and entered into by Datuk LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Datuk 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. Mr. LEE Sing Din also has 2,200,000 shares held in his own name and 21,747,000 shares through a joint account with his spouse, Madam LI Kam Ha.
- (4) Mr. LI Ching Wai's interests in the shares are held through Goldbo International Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai.
- (5) Mr. SZE Nang Sze's interests in the shares are held through Goldpine Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.
- (6) Mr. NG Ngan Ho's interests in the shares are held through Linkall Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. NG Ngan Ho.
- (7) Mr. LI Ching Leung's interests in the shares are held through Herosmart Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung also has 5,940,000 shares held in his own name and 440,000 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 2017, 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., Datuk TUNG Ching Sai	Xinyi Group (Glass) Company Limited	Director
Datuk LEE Yin Yee, B.B.S., Datuk TUNG Ching Sai	Xinyi Automobile Glass (BVI) Company Limited	Director
Datuk LEE Yin Yee, B.B.S., Datuk TUNG Ching Sai	Xinyi Glass Holdings Limited	Director
Datuk LEE Yin Yee, B.B.S.	Realbest Investment Limited	Director
Datuk 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 2017.

## REVIEW OF THE INTERIM RESULTS

The Company's interim results for the six months ended 30 June 2017 have not been audited but have been reviewed by the Company's audit committee, comprising the three independent non-executive Directors.

### EXECUTIVE DIRECTORS

Datuk 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

### LEGAL ADVISERS AS TO HONG KONG LAW

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

## Corporate Information

### 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  
Chiyu Banking Corporation Ltd.  
Citibank, N.A.  
DBS Bank  
First Gulf Bank  
Hang Seng Bank  
HSBC  
Huishang Bank  
Malayan Banking Berhad  
Nanyang Commercial Bank  
OCBC Wing Hang  
Sumitomo Mitsui Banking Corporation  
Wing Lung Bank

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

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

### HONG KONG SHARE REGISTRAR

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

### WEBSITE

<http://www.xinyisolar.com>

### SHARE INFORMATION

Place of listing: Main Board of The  
Stock Exchange of Hong Kong Limited  
Stock code: 00968  
Listing date: 12 December 2013  
Board lot: 2,000 ordinary shares  
Financial year end: 31 December  
Share price as of the date of  
this interim report: HK\$2.46  
Market capitalisation as  
of the date of this interim report:  
Approximately HK\$18.3 billion

### KEY DATES

Closure of register of members:  
15 August 2017 to 17 August 2017  
(both days inclusive)  
Proposed interim dividend payable date:  
On or about Tuesday, 19 September  
2017