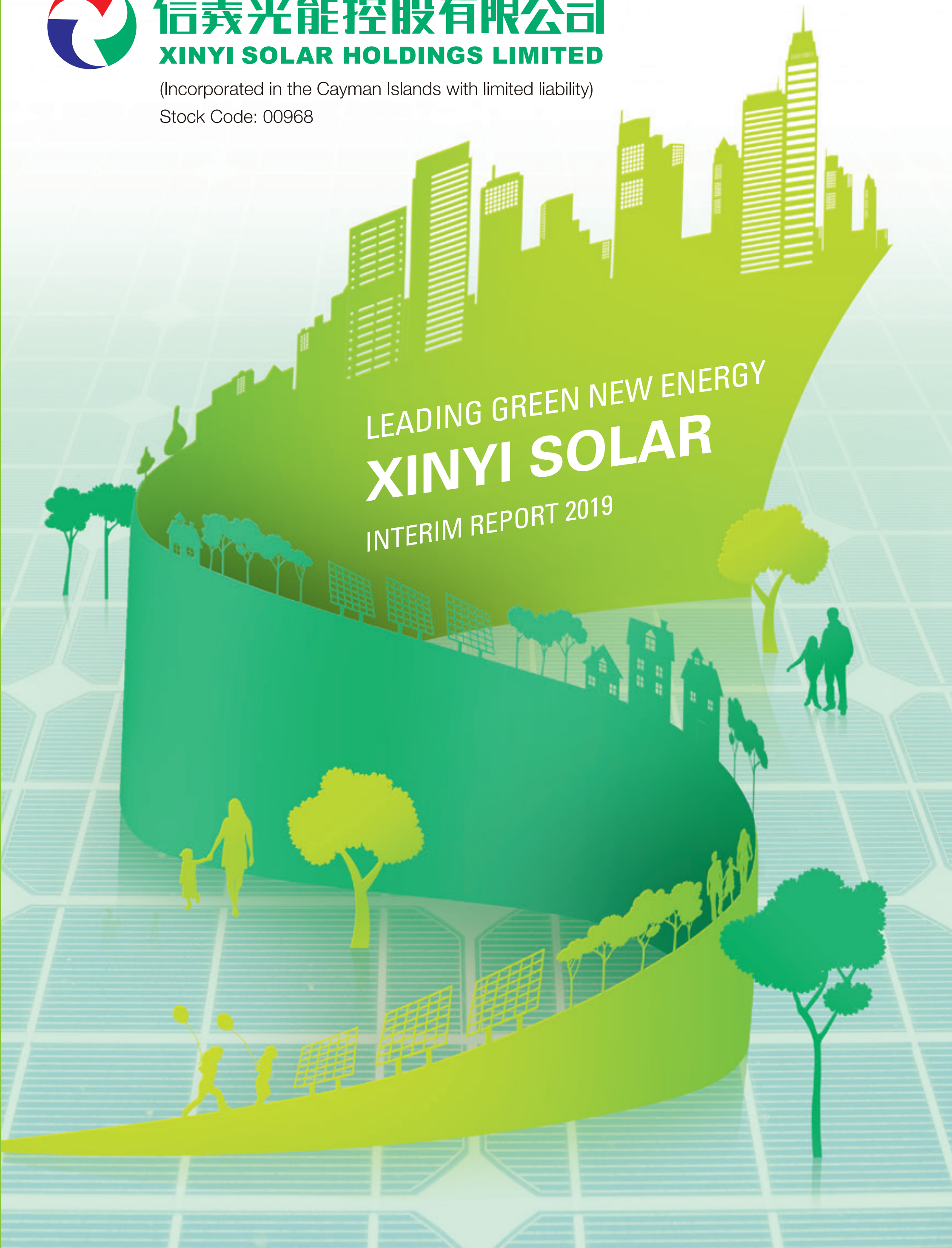
信義光能控股有限公司
XINYI SOLAR HOLDINGS LIMITED

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



LEADING GREEN NEW ENERGY

XINYI SOLAR

INTERIM REPORT 2019

Contents

Financial Highlights

	Six months ended 30 June		Year ended 31 December
	2019 (Unaudited)	2018 (Unaudited)	2018 (Audited)
(in HK$'000)			
Revenue	**3,997,036**	4,177,429	7,671,632
Profit before income tax	**1,160,116**	1,434,047	2,246,340
Profit attributable to Company's equity holders	**952,716**	1,213,953	1,863,146
Dividends	**443,182**	594,182	337,989
(Number of ordinary shares in '000)			
Weighted average number of shares in issue	**7,893,168**	7,425,810	7,492,798
(in Hong Kong cents)			
Earnings per Share			
– basic	**12.07**	16.35	24.87
– diluted	**12.07**	16.34	24.86
Dividends per share	**5.50**	8.00	4.20

	At 30 June		At 31 December
	2019 (Unaudited)	2018 (Unaudited)	2018 (Audited)
(in HK$'000)			
Equity attributable to Company's equity holders	**13,396,412**	10,601,598	10,433,809

Dear Shareholders

On behalf of the Board (the "**Board**") of Directors (the "**Directors**") of Xinyi Solar Holdings Limited (the "**Company**"), I announce herewith the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**" or "**Xinyi Solar**") for the six months ended 30 June 2019 ("**1H2019**" or the "**Period**").

OVERVIEW

In 1H2019, as solar farm developers in China were waiting for the new photovoltaic ("**PV**") policies to be finalised and implemented, domestic solar installation declined year-on-year despite that system costs were down substantially. The growth of PV module demand came mainly from the markets outside the People's Republic of China (the "**PRC**"). With the rest of the world playing a stronger role, global PV demand stayed resilient in the first half year. In China, after the publication of the competitive bidding results for subsidised projects in July 2019, the PV demand is expected to pick up in the coming months, and correspondingly the global PV installation would increase in the second half of 2019 ("**2H2019**").

For 1H2019, because of the growing sales volume, profit contribution from the Group's solar glass business improved notably as compared to the second half of 2018 ("**2H2018**"), however, it still lagged the level in the first half of 2018 ("**1H2018**"). This was mainly due to the lower average selling price (compared to 1H2018) and increased production costs. As a result, the decreased amount of the profit contribution from this core business was the main reason for the decrease in consolidated profit of the Group for the Period.

During the Period, the Group achieved consolidated revenue of HK$3,997.0 million, representing a 4.3% decrease as compared to 1H2018. Profit attributable to equity holders of the Company decreased by 21.5% to HK$952.7 million. Basic earnings per Share were 12.07 HK cents for 1H2019, as compared to 16.35 HK cents for 1H2018.

BUSINESS REVIEW

Policy changes in the PRC Steer market towards a new direction

China's decade-long clean energy development has been a success. Because of the supportive policies of the government, significant achievement has been made in the value chain of the solar industry in terms of technological innovation and cost reduction. In 2018, pursuant to the "2018 Photovoltaic Power Generation Notice (2018年光伏發電有關事項的通知)" (the "**531 Policy**"), PV installation caps were imposed and feed-in tariffs ("**FiT**") were cut. As a result, the demand for PV installation in the PRC declined for the first time since 2014, which prompted the eventual roll out of a series of new government policies and measures, clearly steering the market towards a new direction.

The latest PV policies announced represent a shift in focus onto the development of non-subsidised (grid parity) projects. Subsidy would continue, but at a lower level, before the grid parity can be achieved. Besides, the bidding mechanism and quota allocation method will also change. China only installed 11.4 gigawatt ("**GW**") of solar PV capacity in 1H2019, a decline of about 53% compared to the same period last year. The drop is quite substantial because new additions were primarily related to the Top Runner Programme, Poverty Alleviation Programme and uncompleted projects brought forward from last year. Newly started utility scale projects, including both subsidised and non-subsidised ones, were few in 1H2019. For the subsidised projects, construction will only start in 2H2019, as the result of quota allocation was only released in July. For the non-subsidised projects awarded in May 2019, it is apparent that a large number of them will not be grid-connected and operational in the current year, but till 2020 or even early 2021, given the two-year policy window and declining installation costs.

With PV installation shrank in China, the robust global PV demand in 1H2019 was mainly braced by the rapid growth in demand from other countries.

More diversified global PV installation

Affected by China's unexpected move to restructure the FiT regime, the global solar demand only had a single-digit increase in 2018. During the 2H2018, the PV system costs decreased significantly which spurred the demand from other emerging markets and developing countries. The global PV installation thus is poised to have double-digit growth in 2019. The market generally expects the global PV capacity would increase by around 20% in 2019, with new installed capacity of about 120GW. Market diversification will continue.

The United States, the world's second largest PV market in 2018, continued to grow in 1H2019. Increasing customer demand across different market segments and businesses with increasingly ambitious sustainability goals were the growth drivers. The phasedowns of investment tax credit and exemption of bifacial solar modules from Section 201 import tariffs will also help boost future PV demand.

India was not able to meet its 2018-19 solar installation target of 11GW, with 6.5GW completed between April 2018 and March 2019, the main drag was the confusion on the goods and services tax rates, lengthy discussions on safeguarding import duty, and the retroactive cancellation of auctioned solar projects by central and state agencies. India aims to add 8.5GW of solar power capacity in the 2019-20 financial year, down 23% when compared to its 2018-19 target of 11GW, but there is still an increase of about 30% when compared to the actual installation in the previous year.

Other than the three largest markets, namely China, the United States and India, other countries continue to gain weight as forces driving growth of the global solar industry. New installation in European Union ("**EU**") countries is set to increase at the low PV component costs, policy push to achieve the EU's 2020 renewable energy targets and the cancellation of import tariff on Chinese solar modules. However, in Japan, the slowdown of installations is expected with its government gradually lowering FiT, which has drastically squeezed the profit of solar companies, discouraging pursuit of new projects by investors and developers. Several emerging markets, like Australia, Mexico, South Korea, the Netherlands and some countries in the Middle East and Africa, managed impressive growth in 2018. Given the rapidly falling solar module prices, improved PV technology and broadened applications, as well as the more established PV policies, these countries are poised to become key growth drivers of the global PV market in 2019.

More diversified global PV installations means lesser dependence on the incentive regime and related policy of a single country and lower risk of PV demand fluctuation, which is beneficial to the Group in planning capacity expansion.

Speed up capacity expansion to keep up with market growth

After the setbacks in 2018, the solar glass market got back on track with clear signs of recovery in 1H2019. In light of this, the Group has implemented different capacity expansion plans so as to meet anticipated demand growth. Before the end of 2018, the Group added a new 1,000-tonne/day solar glass production line in Malaysia and resumed the operation of a 500-tonne/day solar glass production line after cold-repair in Tianjin, which together increased its aggregate daily melting capacity from 5,200 tonnes to 6,700 tonnes. The timely expansion of capacity has enabled the Group to boost sales. Albeit the high base in 2018 for comparison, the Group's solar glass sales volume still recorded a year-on-year increase of 13.6% in 1H2019.

Solar installations have been developing rapidly and extensively worldwide because solar technology is adaptable and can be used in various circumstances. This, together with the continuous technological advancement and reducing cost, has reinforced the Group's confidence in the growth potential of global PV installations in the future. With China's 2019 subsidised projects gradually start construction in coming months, PV demand is expected to grow faster in 2H2019. The Group will step up efforts to expand its solar glass production capacity in 2019 and 2020. It expects to steadily increase aggregate daily melting capacity from 6,700 tonnes in the first half year to 7,800 tonnes by the end of 2019 and more aggressively to 11,800 tonnes in 2020. Capacity expansion can help enhance economies of scale and operational synergies, conducive to overall cost reduction, which will enable the Group to stay ahead of its competitors and reduce the cost pressure from climbing raw material prices and fuel costs.

Profit contribution from the solar glass business is improving

The solar glass market has gradually rebounded since the last quarter of 2018 and continued to improve in 1H2019 at the increase of downstream demand, particularly from overseas market. Improved demand, tight industrial supply and rising production costs explained the price hikes of solar glass during the Period. Although product prices still fell short of that in the first quarter of 2018, they have been increased to the pre-531 Policy level and trending up. Profit contribution from the Group's solar glass segment thus significantly improved, recording quarter-on-quarter improvement during the Period.

Supportive policies to promote grid parity – New opportunities for solar farm developers

2019 is a year of transition for the solar power industry in China with the government paving the way for subsidy-free grid parity projects. To mitigate the pressure on the China Renewable Energy Development Fund (the "**Renewable Energy Fund**") and encourage the PV industry to pursue technological innovation and quality enhancement to sustain growth and achieve grid parity, the PRC government has announced more detailed policies and measures following the publication of the 531 policy mid-last year.

For non-subsidised PV power projects, no quota restriction applies for 2019 and 2020. However, projects can only go ahead after obtaining approval from relevant provincial governments and in regions with no power consumption (curtailment) issue. Purchase of power from the grid parity projects at a fixed price, i.e. the prevailing FiT at the grid-connection date, is guaranteed. An offtake agreement of at least 20 years will be signed with the grid companies and priority dispatch against subsidised projects is assured. In addition, the policy also requests local authorities to reduce non-technical development costs such as land-related fees, taxes and transmission costs and encourages financial institutions to support construction of these projects. Green power certificates will also be availed to grid parity projects, giving developers a new income source.

For competitive bidding subsidised PV power projects, the total annual subsidy budget is RMB3 billion, of which RMB750 million is for household PV projects and RMB2.25 billion is for utility scale projects, not including poverty alleviation projects. According to the auction results released by China's National Energy Administration ("**NEA**") on 10 July 2019, subsidised projects with total capacity of 22.78GW had been approved, and among them the Group secured two, 30 megawatt ("**MW**") in Anhui and 40MW in Guangxi.

Market participants are generally positive about the new PV policies, believing that they can reduce the subsidy burden on the Renewable Energy Fund while maintaining a fairly stable market development during the transitional period. The policies and measures can also help improve the investment environment for the industry. 2019 will see the kick off of large-scale grid parity projects, however, limited new capacity is expected to be added during the year given the two-year policy window and that absorbing the policy and related implications, submission of application and final results announcement all takes time.

As for the grid parity projects, on 20 May 2019, China's National Development and Reform Commission and NEA jointly released the first batch grid parity projects for 2019, with installed capacity totalling 20.76GW, including wind power 4.51GW, PV power 14.78GW, and pilot programme for market-based transaction of distributed power generation 1.47GW. The Group secured three PV grid parity projects – 300 MW in Guangxi, 100MW in Hubei and 70MW in Guangdong. As the deadlines for grid connection of these projects are mainly in 2020, to take the best advantage of declining PV system costs, most related construction work will begin next year. As such, the new PV capacity addition by the Group in 2019 is expected to be less than previous year.

Successful Spin-off of Xinyi Energy Enhanced Group Financial Capability

The spin-off (the "**Spin-off**") and separate listing of Xinyi Energy Holdings Limited ("**Xinyi Energy**") have been completed on 28 May 2019. After that, Xinyi Energy and its subsidiaries (the "**Xinyi Energy Group**") continue to be subsidiaries of Xinyi Solar. The financial results of Xinyi Energy Group will continue to be consolidated into the accounts of the Group, but the earnings contributed by Xinyi Energy Group to Xinyi Solar are expected to be smaller because the Company's interest in Xinyi Energy had been reduced from 75% to 53.7% (or from 75% to 52.7%, if the impact of over-allotment issue was also taken into account).

After the Spin-off, the businesses of Xinyi Energy Group and the remaining group (the "**Remaining Group**"), which comprises Xinyi Solar and its member companies other than Xinyi Energy Group, are clearly defined. The Remaining Group will focus on solar glass business, development and construction of solar farms and engineering, procurement and construction ("**EPC**") business, whereas Xinyi Energy Group will focus on operation and management of solar farm projects. Xinyi Energy also holds call option rights and the rights of first refusal to acquire Xinyi Solar's completed and grid-connected utility scale ground-mounted solar farm projects. As at 30 June 2019, pipeline solar farm projects with approved capacity of 850MW were available for Xinyi Energy to acquire.

With the Spin-off completed, the Group has a sustainable and holistic business model as well as strengthened financial capability. Firstly, the Remaining Group and Xinyi Energy Group have separate fund-raising platforms in the equity and debt markets, giving them greater financing flexibility. Moreover, for Xinyi Solar, selling solar farm projects to Xinyi Energy can help speed up cash inflow, boosting its financial resources for pursuing more new solar farm projects. Although the disposal gain would be recorded as an equity transaction (change in shareholders' equity rather than under profit and loss), the disposal could allow Xinyi Solar to unlock the value of its solar farms and bolster its equity base. During the Period, Xinyi Solar recorded increase in shareholders' equity of: (i) approximately HK$606.1 million in relation to the Spin-off and over-allotment issue, and (ii) approximately HK$511.8 million in relation to the disposal of 540MW solar farm projects to Xinyi Energy. Net gearing of the Group improved substantially from 66.2% as at 31 December 2018 to 20.2% as at 30 June 2019.

With an optimised financing model after the Spin-off, the Group is confident that it can apply its expertise along the solar power value chain and keep expanding its solar farm capacity taking full advantage of declining PV system costs and improving solar technology.

Steady growth of revenue contribution from electricity generation

Since the Group prepares to start the construction of grid parity projects largely in 2020 and the bidding results of subsidised projects for 2019 were only released in July, there was no material change in its approved grid-connected capacity in 1H2019.

As at 30 June 2019, the Group had grid-connected solar projects of total capacity 2,530MW, including 2,374MW utility scale ground-mounted projects and 156MW rooftop distributed generation projects (with electricity generated for self-consumption and selling to the grid). In terms of ownership, 1,494MW projects were held through Xinyi Energy, which is 52.7% owned by Xinyi Solar, 906MW projects were held through wholly-owned subsidiaries, 30MW projects were held through non-wholly owned subsidiaries (90%-owned by the Group) and 100MW from a joint venture project 50%-owned by the Group.

The Group's electricity generation volume grew steadily in 1H2019, primarily owed to the capacities added in 2H2018. Revenue and gross profit increased by 8.4% and 7.8% year-on-year respectively during the Period. As in previous years, the Group faced no curtailment issue in electricity generation during the Period as its solar farm projects are mostly in provinces or municipalities with high electricity demand such as Anhui, Hubei, Tianjin, Henan and Fujian.

EPC services – an additional income source

As in previous years, with EPC services bringing in usually one-off and ad-hoc revenue, the Group continued to consider the business as a supplementary source of income, instead of a key growth driver. Engaging in EPC business can broaden the experience and enhance the knowledge of the Group in developing different types of solar farm projects. The revenue from EPC services in 1H2019 was mainly derived from the residential and commercial distributed generation projects carried out in Canada by a non-wholly owned subsidiary.

BUSINESS OUTLOOK

In the past few months of 2019, China has made several important changes to its PV policies, including the grid parity policy for non-subsidised projects and the migration from fixed FiT programme to the competitive bidding allocation mechanism for subsidised projects. These new policies have presented the PV industry in the country a new environment to develop. These new policies, while bearing little on China's new PV installations in 1H2019, have set a clear direction of future development for the industry. In the near term, they could ensure steady development of the PV market. And, in the long run, reduced subsidy and competitive bidding for quotas could encourage the solar industry to pursue technological innovation and improve efficiency to further lower PV system costs.

With the results of competitive bidding for subsidised projects published in July 2019, PV installation in China is expected to pick up again in the second half year. According to NEA forecast, the newly installed PV capacity in 2019 will be around 40GW to 45GW. Since capacities of 11.4GW were added in 1H2019, 28.6GW to 33.6GW are expected to be added in the second half year. Accelerating PV installation in China will fuel rise in solar glass demand in coming months.

In the next few years, China will continue to champion the largest share of annual global PV installations, but at a reducing percentage. Its PV market will gradually evolve from subsidy-driven to grid parity and FiT-supported, and eventually be subsidy-free. Then, solar power can compete directly with traditional energy sources and the electricity generated can be sold to the grid at the same price as coal-fired power. According to NEA statistics, solar power only accounted for 2.5% of the total electricity generated in China in 2018. Thus, there is still much room for solar power to develop in the future.

The substantial decline in PV system costs has impelled many new countries and emerging markets to employ PV technology to boost green energy supply and adjust their energy mix. Going forward, PV installations will become more diversified and change in demand in a single country or region will have less bearing on overall global demand.

To capture market growth and enlarge its market share, the Group will speed up expanding its solar glass production capacity this year and the next. It will increase daily melting capacity by 1,100 tonnes in 2H2019 via the resumption of two production lines after their cold repair. The first production line (600-tonne/day) already resumed operation before the end of June 2019 and the second (500-tonne/day) is expected to start running again around the end of September 2019. In addition, the Group has decided to add four new solar glass production lines with an aggregate capacity of 4,000-tonne/day in 2020. The two production lines in Guangxi, with daily melting capacity of 1,000-tonne/day each, are expected to commence operation in the first and second quarter of 2020, respectively. The two production lines in Anhui, with daily melting capacity of 1,000-tonne/day each, are expected to start running in the second half of 2020.

Other than capacity expansion, the Group will continue to make the best of its scale and technical advantages, streamline and automate production processes, and develop new products so as to sharpen its competitive edge. To better control rising raw material costs, the Group is moving forward actively with the acquisition of a low-iron silicon sand mine in Guangxi, which can help mitigate price fluctuation and ensure long-term stable supply of the raw material. The mine is expected to begin operation in early 2020. Given that double-glass modules are becoming increasingly popular in the solar glass marketplace, the Group will step up research and development effort on the area, enrich its product range and upgrade production facilities to produce thinner solar glass to meet customer needs.

As for the solar farm business, the successful Spin-off of Xinyi Energy has optimised the Group's financing model and strengthened its financial capability, conducive to the long-term development of the business. The Group aims to achieve the installation target of 1,000MW in aggregate for the two-year period between 2019 and 2020. However, since construction of the non-subsidised projects will largely begin only in 2020, most of the new capacities are expected to be added in 2020 rather than 2019.

With China aiming for grid parity, subsidised PV projects will gradually decrease. Therefore, the Group will gradually shift its development focus from subsidised projects to subsidy-free projects and try to explore development opportunities in more different locations.

Although the Company's profit in 1H2019 fell short of that in the same period last year, it had improved notably when compared to 2H2018. With that taken into account plus the PV industry continuing to gather growth momentum, the Directors are optimistic about the growth potential of the Group's solar glass and solar farm businesses. Capitalising on its expertise in solar glass manufacturing and solid experience in solar farm development, the Group is well prepared for the advent of solar market parity.

CONCLUSION

The new PV policies of China not only reduce its burden of subsidies but also steer its PV development to a new direction. Declining costs and improved PV technology will continue to drive solar revolution in different parts of the world. As a leading company in the solar value chain, the Group will strive to seek parallel development of its solar glass and solar farm businesses so as to develop a more balanced and sustainable business model.

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

Hong Kong, 7 August 2019

FINANCIAL REVIEW

Revenue

The Group's revenue for 1H2019 was mainly derived from two core business segments, namely: (i) sale and manufacturing of solar glass; and (ii) solar farm business. Revenue from solar glass business dropped whereas that from solar farm business increased. Because of the drop in the revenue contribution from solar glass business, total revenue of the Group declined.

Revenue – By Product

	1H2019		1H2018		Increase/(Decrease)	
	HK$ million	***% of revenue***	*HK$ million*	*% of revenue*	*HK$ million*	*%*
Sales of solar glass	**2,924.6**	**73.2**	3,107.1	74.4	(182.5)	(5.9)
Solar farm business	**1,024.9**	**25.6**	945.8	22.6	79.1	8.4
EPC services	**47.6**	**1.2**	124.5	3.0	(76.9)	(61.8)
Total external revenue*	**3,997.0**	**100.0**	4,177.4	100.0	(180.3)	(4.3)

* The sum of the individual amounts rounded off may not be the same as the actual total amount.

Solar Glass Revenue – By Geographical Market

	1H2019		1H2018		Increase/(Decrease)	
	HK$ million	***% of revenue***	*HK$ million*	*% of revenue*	*HK$ million*	*%*
The PRC	**2,216.4**	**75.8**	2,234.9	71.9	(18.5)	(0.8)
Other countries	**708.2**	**24.2**	872.2	28.1	(164.0)	(18.8)
	2,924.6	**100.0**	3,107.1	100.0	(182.5)	(5.9)

For 1H2019, the Group recorded solar glass sales revenue of HK$2,924.6 million, a 5.9% decrease when compared to 1H2018. The decline was primarily due to the drop in average selling price ("**ASP**") as well as the depreciation of Renminbi ("**RMB**") and Malaysian Ringgit ("**MYR**") against the Hong Kong dollar ("**HKD**"), partially offset by the increase in sales volume.

The global PV demand in 1H2018 was mainly driven by the strong growth of distributed generation projects (particularly in the first quarter) in China and the global PV demand in 1H2019 was primarily fuelled by the burgeoning overseas market. The sharp drop of Chinese solar module price starting mid-2018 has substantially reduced installation costs for new PV projects and hence stimulated demand for different PV products. In 1H2019, the sales volume of solar glass of the Group grew 13.6% year-on-year.

With downstream demand reviving, solar glass price has rebounded from its lowest in the 2H2018 and remained on the uptrend. In 1H2019, solar glass price rose back to pre-531 policy level around March 2019 and has since been relatively stable. It was, however, still lower than that in the first quarter of 2018. Against the higher base in 2018, ASP of solar glass, though improved quarter-on-quarter, was down year-on-year by more than 10% during the Period.

The RMB/HKD and MYR/HKD exchange rates used for translating the RMB-denominated and MYR-denominated revenue for the different months in 1H2019 into HKD were relatively lower – roughly by 6% and 4% year-on-year respectively – than those applicable in the corresponding months in 2018, hence impacted negatively the Group's revenue.

Because of the substantial drop in the Chinese solar module price, many overseas solar farm developers have shifted to purchasing solar modules directly from China instead of from their domestic suppliers. This in turn has boosted domestic solar glass demand in China. During the Period, China and overseas market accounted for 75.8% and 24.2% respectively of the Group's total solar glass sales revenue.

Revenue from electricity generation for 1H2019 was derived from the Group's solar farms in the PRC as set forth below.

	30 June 2019 MW	31 December 2018 MW	30 June 2018 MW	31 December 2017 MW
Utility-scale ground-mounted solar farms				
Anhui province	**1,340**	1,340	1,230	1,160
Others (Hubei, Tianjin, Henan, Fujian, etc.)	**934**	904	604	574
Sub-total	**2,274**	2,244	1,834	1,734
Commercial distributed generation projects	**38**	38	34	20
Total	**2,312**	2,282	1,868	1,754
Utility-scale ground-mounted solar farms enlisted in Catalogue				
– The 6th batch	**250**	250	250	250
– The 7th batch	**724**	724	724	—
Total	**974**	974	974	250
Total number of solar farms	**30**	29	26	20
Weighted average FiT * (RMB/kWh)	**0.90**	0.90	0.93	0.96

* The weighted average FiT rate is proportionately weighted in accordance with the approved grid-connection capacity of each solar farm

After the Spin-off in May 2019, Xinyi Energy and its subsidiaries continue to be subsidiaries of Xinyi Solar, which financial results will continue to be consolidated into the accounts of the Group, hence, their electricity generation revenues will continue to be accounted for as part of the Group's total revenue.

As the newly approved solar farm projects, including the grid-parity projects and the subsidised projects secured through competitive bidding, will only be built in 2H2019 or thereafter, the Group's accumulated approved gird-connected capacity had no significant change in 1H2019. As at 30 June 2019, the Group had 30 solar farms in operation, excluding the joint venture solar farm project and self-used rooftop distributed generation projects that do not contribute revenue. Accumulated approved gird-connection capacity increased from 2,282MW as at 31 December 2018 by 30MW to 2,312MW as at 30 June 2019.

Most of the Group's solar farms are in central China, such as Anhui and Hubei. Affected by bad weather conditions in the region in the first quarter of 2019, revenue from electricity generation increased only by 8.4% year-on-year to HK$1,024.9 million in 1H2019.

Same as other solar farm operators in China, the Group has also experienced delay in receiving subsidy payments in relation to electricity generation of its solar farms. As at 30 June 2019, the outstanding tariff adjustment (subsidy) receivable of the Group amounted to HK$2,781.1 million, of which HK$416.2 million and HK$1,353.5 million are related to solar farm projects enlisted on the sixth and seventh batches of the renewable energy tariff subsidy catalogue (the "**Catalogue**") respectively.

For the EPC service segment, its revenue for the Period was mainly derived from the residential and commercial distributed generation projects carried out by a non-wholly owned subsidiary, Polaron Solartech Corp ("**PSC**"), in Canada. As compared to the previous period, revenue of the segment was down by a substantial 61.8% year-on-year to HK$47.6 million. The subsidy program of the province where PSC previously operated has been terminated, so the company needs to explore new projects in other provinces. This territorial shift took PSC a while to readjust and thus only few projects could be completed in 1H2019.

Gross profit

The Group's gross profit decreased by HK$206.2 million, or 11.6%, from HK$1,778.1 million for 1H2018 to HK$1,572.0 million for 1H2019. The decrease was mainly due to the smaller contributions from solar glass business and EPC services, partly offset by the increase in profit from the solar farm segment. Overall gross profit margin of the Group dropped to 39.3% (1H2018: 42.6%), primarily due to the narrowed gross profit margin of solar glass and solar farm businesses.

During the Period, gross profit margin of the Group's solar glass segment decreased by 6.1 percentage points to 27.3% (1H2018: 33.4%). The decline was mainly attributable to: (i) lower ASP when compared to the last corresponding period; (ii) higher energy costs as a result of the price hike of natural gas in China; and (iii) higher cost pressure on raw materials such as soda ash and silica sands.

Gross profit contribution from the Group's solar farm segment increased mildly in 1H2019 by 7.8% to HK$763.6 million (1H2018: HK$708.5 million) and accounted for 48.6% (1H2018: 39.8%) of the total gross profit of the Group. Gross profit margin of the segment dropped from 74.9% in 1H2018 to 74.5% in 1H2019, mainly due to the smaller amount of electricity generated as a result of cloudy and rainy weather in the first quarter of 2019.

With fewer EPC projects undertaken, gross profit contribution of this segment decreased HK$22.8 million from HK$32.4 million in 1H2018 to HK$9.6 million in 1H2019.

Other income

During the Period, the Group's other income decreased by HK$25.5 million to HK$63.7 million, as compared to the HK$89.2 million recorded in 1H2018. The decrease was principally due to less government grants received, partially offset by the increase in scrap sales and tariff adjustments in relation to the electricity generated by the solar power system installed on the rooftops of the Group's production complex.

Other gains/(losses), net

The Group recorded other gains, net of HK$1.4 million, for 1H2019, versus other losses, net of HK$25.6 million, for 1H2018. The gains in 1H2019 mainly comprised foreign exchange gains of HK$4.6 million and losses on disposal of property, plant and machinery of HK$3.2 million.

Selling and marketing expenses

The Group's selling and marketing expenses decreased by 2.3% from HK$128.7 million in 1H2018 to HK$125.8 million in 1H2019. The decrease stemmed primarily from: (i) lower marketing expenses alongside the drop in overseas solar glass sales, and (ii) the Malaysia production plant expanded capacity enabling it to fulfil more overseas orders for the Group, helping reduce overall logistics costs. During the Period, the selling and marketing expenses to revenue ratio remained relatively stable at 3.1% (1H2018: 3.1%).

Administrative and other operating expenses

The Group's administrative expenses increased by HK$32.1 million, or 17.1%, from HK$187.8 million in 1H2018 to HK$219.9 million in 1H2019. The increase was mainly attributable to: (i) increase in research and development expenses of HK$18.5 million and (ii) listing fee of HK$14.7 million incurred in 1H2019 for the spin-off of Xinyi Energy. Because of the decline in revenue and certain expenses being relatively fixed, the ratio of administrative and other operating expenses to revenue increased from 4.5% in 1H2018 to 5.5% in 1H2019.

Finance costs

The Group's finance costs increased from HK$115.4 million (or HK$128.6 million before capitalisation) in 1H2018 to HK$156.0 million (or HK$175.5 million before capitalisation) in 1H2019. The increase was mainly attributable to: (i) interest on lease liabilities; and (ii) rising interest rates as well as the increase in average bank borrowings of the Group. During the Period, interest expense of HK$19.5 million (1H2018: HK$13.2 million) was capitalised into the construction costs of the newly built solar farms and solar glass production facilities. The capitalised amounts would depreciate together with relevant assets over their estimated useful lives.

Share of profit of a joint venture

For 1H2019, the Group recorded a share of profit of a joint venture of HK$14.6 million (1H2018: HK$20.1 million), which was contributed by Xinyi Solar (Lu'an) Company Limited, a 50%-owned joint venture managing and operating a 100 MW solar farm in Lu'an, Anhui Province, the PRC.

Income tax expense

The Group's income tax expense decreased from HK$125.3 million for 1H2018 to HK$91.5 million for 1H2019. The decline was primarily attributable to: (i) decrease in profit of the solar glass business; (ii) recognition of deferred tax assets in relation to the investment tax allowance on qualifying capital expenditure of the Group's production plant in Malaysia; and (iii) increase in income tax expenses of the Group's solar farm business on expiry of the three-year full exemption period of corporate income tax ("**CIT**") for certain solar farms during the Period.

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

EBITDA and net profit

For 1H2019, the Company's EBITDA (earnings before interest, taxation, depreciation and amortisation) was HK$1,721.5 million, representing a decrease of 8.6% as compared to HK$1,883.1 million for 1H2018. The Company's EBITDA margin (calculated based on total revenue for the period) was 43.1% for 1H2019 as compared to 45.1% for 1H2018.

Net profit attributable to equity holders of the Company for 1H2019 was HK$952.7 million, representing a decrease of 21.5%, as compared to HK$1,214.0 million for 1H2018. Net profit margin decreased to 23.8% for 1H2019 from 29.1% for 1H2018, mainly due to: (i) the narrower profit margin of solar glass business; (ii) increased finance costs; and (iii) reduced share of profit of Xinyi Energy Group after the Spin-off in May 2019, plus the listing expenses incurred during the Period.

Financial Resources and Liquidity

During the Period, the total assets of the Group increased by 25.1% to HK$29,886.8 million and shareholders' equity increased by 28.4% to HK$13,396.4 million. The Group's current ratio as at 30 June 2019 was 1.67, compared to 1.0 as at 31 December 2018. The improvement in current ratio is primarily due to: (i) increase in cash and cash equivalents as a result of the placing in March 2019 and the Spin-off of Xinyi Energy in May 2019; and (ii) decrease in total bank borrowings.

The confluence of the cash flow generated from the Group's business operations and equity fund raising has substantially strengthened the Group's financial resources. As at 30 June 2019, total cash and bank balances of the Group stood at HK$4,351.5 million, 455.1% higher than the corresponding figure at 31 December 2018. For 1H2019, net cash inflow from operating activities amounted to HK$488.4 million (1H2018: HK$794.5 million). The decrease in net cash inflow was primarily attributable to the increase in tariff adjustments receivables in relation to the solar farm business as well as increase in trade receivables of solar glass business. Net cash used for investing activities amounted to HK$1,137.3 million (1H2018: HK$1,386.1 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$4,216.0 million (1H2018: HK$527.0 million). During the Period, the Group secured new bank borrowings of HK$1,141.1 million, repaid bank borrowings of HK$1,969.6 million and raised net proceeds of HK$1,305.5 million from the placing in March 2019 and HK$3,808.1 million in relation to the Spin-off of Xinyi Energy in May 2019.

The Group's net debt gearing ratio as at 30 June 2019 was 20.2% (31 December 2018: 66.2%). 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 Period primarily due to (i) the increase in cash and cash equivalents; and (ii) the increase in shareholders' equity of approximately HK$606.1 million in relation to the Spin-off and over-allotment issue and approximately HK$511.8 million in relation to the disposal of 540MW solar farm projects to Xinyi Energy.

USE OF PROCEEDS OF PLACING

In March 2019, the Company raised net proceeds of approximately HK$1,305.5 million by the issuance of 380,000,000 shares. Up to 30 June 2019, net proceeds of approximately HK$350.2 million has been utilised, of which HK$120.7 million was used as capital expenditure of solar farm projects, HK$229.5 million was used for solar glass production capacity expansion. As at 30 June 2019, net proceeds of approximately HK$955.3 million remained unutilised and was deposited in reputable banks in mainland China and Hong Kong.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of HK$1,151.9 million for the six months ended 30 June 2019 which was primarily used in the development of the solar farm projects in China as well as the expansion and upgrade of solar glass production capacities. Capital commitments contracted for but not incurred by the Group as at 30 June 2019 amounted to HK$1,304.9 million, which were mainly related to the development and construction of the solar farm projects in China and payments for the new solar glass production facilities.

PLEDGE OF ASSETS

No assets of the Group were pledged as security for bank borrowings as of 30 June 2019.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any significant contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in this interim report, there was no material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2019.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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

For the Group's solar farm business, the revenue from solar power electricity generation is denominated in RMB whilst the bank borrowings are denominated in HKD. The Group would strike a balance to minimise the risk of currency mismatch between the revenue and bank borrowings as well as the advantage of the interest rate difference between HKD and RMB bank borrowings. As at 30 June 2019, 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 2019, the Group did not use any financial instrument for hedging purpose.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group had about 3,393 full-time employees of whom 2,728 were based in Mainland China and 665 were based in Malaysia, Hong Kong, and Canada. The total staff costs, including the emoluments of the Directors, amounted to HK$182.2 million for the six months ended 30 June 2019.

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, 8,865,000 share options were granted to selected employees and an executive director in March 2019. The validity period of the options is from 28 March 2019 to 31 March 2023. One third of the options will vest on each of the year-end date of 2019, 2020 and 2021 if each grantee has met the conditions of vesting as stated in the letter of grant.

Condensed Consolidated Income Statement

	Note	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Revenue	3	**3,997,036**	4,177,429
Cost of sales	7	**(2,425,052)**	(2,399,282)
Gross profit		**1,571,984**	1,778,147
Other income	4	**63,691**	89,162
Other gains/(losses), net	5	**1,407**	(25,567)
Selling and marketing expenses	7	**(125,777)**	(128,711)
Administrative and other operating expenses	7	**(219,921)**	(187,840)
Operating profit		**1,291,384**	1,525,191
Finance income	6	**10,257**	4,320
Finance costs	6	**(156,025)**	(115,439)
Share of profits of a joint venture	13	**14,594**	20,092
Share of losses of associates		**(94)**	(117)
Profit before income tax		**1,160,116**	1,434,047
Income tax expense	8	**(91,539)**	(125,348)
Profit for the period		**1,068,577**	1,308,699
Profit for the period attributable to:			
– the equity holders of the Company		**952,716**	1,213,953
– non-controlling interests		**115,861**	94,746
		1,068,577	1,308,699
Earnings per share attributable to the equity holders of the Company (Expressed in HK cents per Share)			
– Basic	9	**12.07**	16.35
– Diluted	9	**12.07**	16.34

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

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit for the period	**1,068,577**	1,308,699
Other comprehensive (loss)/income, net of tax:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(58,981)**	(246,214)
Share of other comprehensive income of a joint venture accounted for under equity method		
– Share of currency translation differences	**(2,397)**	(5,729)
Total comprehensive income for the period	**1,007,199**	1,056,756
Total comprehensive income for the period attributable to:		
– the equity holders of the Company	**851,998**	990,329
– non-controlling interests	**155,201**	66,427
	1,007,199	1,056,756

Condensed Consolidated Balance Sheet

	Note	As at 30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	16,588,685	15,804,382
Right-of-use assets	2(a),12	1,030,066	—
Land use rights	2(a)	—	319,877
Prepayments for property, plant and equipment	15	315,990	244,106
Prepayments for land use rights and operating leases	15	—	91,118
Interests in a joint venture	13	351,015	358,296
Investments in associates		75,029	75,123
Finance lease receivables		192,014	187,806
Deferred income tax assets		38,418	4,107
Goodwill		10,471	4,485
Total non-current assets		18,601,688	17,089,300
Current assets			
Inventories		452,361	429,576
Contract assets		44,852	56,122
Trade and bills receivables	14	5,204,090	4,153,804
Prepayments, deposits and other receivables	15	1,223,265	1,370,339
Finance lease receivables		5,845	5,355
Amount due from a joint venture	21(b)	3,162	4,131
Cash and cash equivalents		4,351,525	783,873
Total current assets		11,285,100	6,803,200
Total assets		29,886,788	23,892,500
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	17	804,768	765,969
Other reserves		4,203,814	2,232,726
Retained earnings		8,387,830	7,435,114
		13,396,412	10,433,809
Non-controlling interests		4,392,953	1,625,109
Total equity		17,789,365	12,058,918

Condensed Consolidated Balance Sheet

	Note	As at 30 June 2019 HK$'000 (Unaudited)	As at 31 December 2018 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Bank borrowings	18	**4,690,062**	4,996,500
Lease liabilities	2(a)	**555,072**	—
Other payables	16	**95,075**	89,125
Deferred income tax liabilities		**10,558**	10,608
Total non-current liabilities		**5,350,767**	5,096,233
Current liabilities			
Bank borrowings	18	**3,262,702**	3,773,009
Trade and other payables	16	**2,897,774**	2,780,434
Contract liabilities		**24,801**	33,978
Lease liabilities	2(a)	**39,568**	—
Amounts due to related companies	21(b)	**81,896**	101,687
Dividend payable		**337,992**	—
Current income tax liabilities		**101,923**	48,241
Total current liabilities		**6,746,656**	6,737,349
Total liabilities		**12,097,423**	11,833,582
Total equity and liabilities		**29,886,788**	23,892,500

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 2019	765,969	1,856,628	376,098	7,435,114	10,433,809	1,625,109	12,058,918
Comprehensive income							
Profit for the period	—	—	—	952,716	952,716	115,861	1,068,577
Other comprehensive income							
Currency translation differences	—	—	(98,321)	—	(98,321)	39,340	(58,981)
Share of other comprehensive income of a joint venture accounted for using the equity method	—	—	(2,397)	—	(2,397)	—	(2,397)
Total comprehensive income for the period	—	—	(100,718)	952,716	851,998	155,201	1,007,199
Transactions with owners							
Acquisitions of subsidiaries (Note 20)	—	—	—	—	—	1,439	1,439
Issurance of shares in respect of placing, net of transaction costs (Note 17)	38,000	1,267,542	—	—	1,305,542	—	1,305,542
Employees' share option scheme							
– exercise of employees' share options	799	27,718	(6,057)	—	22,460	—	22,460
– value of employee services	—	—	2,637	—	2,637	—	2,637
Dividend relating to 2018	—	(337,989)	—	—	(337,989)	—	(337,989)
Dividend paid by a non-wholly owned subsidiary	—	—	—	—	—	(78,987)	(78,987)
Changes in ownership interests in subsidiaries without loss of control (Note 19)	—	—	1,117,955	—	1,117,955	2,690,191	3,808,146
Balance at 30 June 2019	804,768	2,813,899	1,389,915	8,387,830	13,396,412	4,392,953	17,789,365

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 2018	742,396	2,509,611	1,081,521	5,787,599	10,121,127	1,559,229	11,680,356
Comprehensive income							
Profit for the period	—	—	—	1,213,953	1,213,953	94,746	1,308,699
Other comprehensive income							
Currency translation differences	—	—	(217,895)	—	(217,895)	(28,319)	(246,214)
Share of other comprehensive income of a joint venture accounted for using the equity method	—	—	(5,729)	—	(5,729)	—	(5,729)
Total comprehensive income for the period	—	—	(223,624)	1,213,953	990,329	66,427	1,056,756
Transactions with owners							
Employees' share option scheme							
– exercise of employees' share options	331	9,743	(2,317)	—	7,757	—	7,757
– value of employee services	—	—	2,283	—	2,283	—	2,283
Dividend relating to 2017	—	(519,898)	—	—	(519,898)	—	(519,898)
Balance at 30 June 2018	742,727	1,999,456	857,863	7,001,552	10,601,598	1,625,656	12,227,254

Condensed Consolidated Statements of Cash Flows

	Note	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Cash flows from operating activities			
Operating cash flow before working capital changes		**1,721,421**	1,861,159
Changes in working capital:			
Inventories		**(16,255)**	(234,479)
Trade and other receivables		**(861,225)**	(426,890)
Trade payables, accruals and other payables		**(202,032)**	(180,981)
Others		**(153,471)**	(224,271)
Cash flows from operating activities - net		**488,438**	794,538
Cash flows from investing activities			
Purchases of and prepayments of land use rights		**(62,470)**	(115,933)
Purchases of and prepayments for purchase of property, plant and equipment		**(1,089,409)**	(1,274,508)
Acquisition of a subsidiary, net of cash acquired	20	**(17,542)**	—
Proceeds from disposal of property, plant and equipment		**2,393**	—
Repayment from a joint venture		**19,478**	—
Interest received		**10,257**	4,320
Cash flows from investing activities - net		**(1,137,293)**	(1,386,121)

Condensed Consolidated Statements of Cash Flows

	Note	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Cash flows from financing activities			
Capital contribution from non-controlling interests	19	**3,808,146**	—
Net proceeds from issuance of ordinary shares	17	**1,305,542**	—
Proceeds from issuance of shares under employees' share option scheme		**22,460**	7,757
Proceeds from bank borrowings		**1,141,149**	1,896,376
Repayment of bank borrowings		**(1,969,575)**	(1,377,090)
Dividend paid by a non-wholly owned subsidiary		**(78,987)**	—
Lease payments		**(12,703)**	—
Cash flows from financing activities - net		**4,216,032**	527,043
Net increase/(decrease) in cash and cash equivalents		**3,567,177**	(64,540)
Cash and cash equivalents at beginning of the period		**783,873**	1,380,587
Effect of foreign exchange rate changes		**475**	(9,430)
Cash and cash equivalents at end of the period		**4,351,525**	1,306,617

1 GENERAL INFORMATION

Xinyi Solar Holdings Limited (the "**Company**") (collectively the "**Group**") and its subsidiaries are principally engaged in the production and sale of solar glass products, which are carried out internationally, through the production complexes located in the People's Republic of 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.

This unaudited condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated. This unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors on 7 August 2019.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2019 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 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(Continued)

(a) New standard, amendments to standards and interpretation adopted by the Group

The Group has adopted the following new standard, amendments to standards and interpretation for the current reporting period.

HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Annual Improvements Project	Annual Improvements 2015-2017 Cycle
HK (IFRIC) 23	Uncertainty over Income Tax Treatments

The impact of the adoption of HKFRS 16 is disclosed below. Except this, the adoption of the above new standards, amendments to standards and interpretation does not have any significant impact to the results and financial position of the Group.

Change in accounting policy for leasing activities – adoption of HKFRS 16, "Leases" ("**HKFRS 16**")

HKFRS 16 replaces HKAS 17 Leases ("**HKAS 17**"), and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases – incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(a) New standard, amendments to standards and interpretation adopted by the Group (Continued)

Change in accounting policy for leasing activities – adoption of HKFRS 16, "Leases" ("**HKFRS 16**") (Continued)

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments).

The lease payments are discounted using incremental borrowing rate of the Group which the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(a) New standard, amendments to standards and interpretation adopted by the Group (Continued)

Impact of the adoption of HKFRS 16

The Group's leases are mainly rentals of land, factory and office premises, warehouses and rooftops. Rental contracts of factory and office premises and warehouses are typically made for fixed periods of 3 years or less and that of the land and rooftops used for solar farm projects are typically made for fixed periods of 20 to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

The Group has adopted HKFRS 16 from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach, but has not restated comparative amounts for the year prior to first adoption. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, as a lessee, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.25%.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(a) New standard, amendments to standards and interpretation adopted by the Group (Continued)

Impact of the adoption of HKFRS 16 (Continued)

The lease liabilities and right-of-use assets as at 1 January 2019 are reconciled to the operating lease commitments as at 31 December 2018 as follows:

	HK$'000 (Unaudited)
Operating lease commitments disclosed as at 31 December 2018	1,199,862
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(650,956)
Lease liabilities recognised as at 1 January	548,906
Rental prepayments recognised as at 31 December 2018	66,573
Rental accruals recognised as at 31 December 2018	(5,488)
Reclassification of leasehold land and land use rights	319,877
Right-of-use assets recognised as at 1 January 2019	929,868

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid rental expenses and rental accruals relating to that lease recognised in the balance sheet as at 1 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(a) New standard, amendments to standards and interpretation adopted by the Group (Continued)

Impact of the adoption of HKFRS 16 (Continued)

The recognised right-of-use assets relate to the following types of assets:

	As at	
	30 June 2019 HK$'000 (Unaudited)	1 January 2019 HK$'000 (Unaudited)
Leasehold land and land use rights	**997,031**	898,404
Factory and office premises and warehouses	**3,929**	5,016
Rooftops	**29,106**	26,448
Right-of-use assets	**1,030,066**	929,868
Current lease liabilities	**39,568**	29,284
Non-current lease liabilities	**555,072**	519,622
Total lease liabilities	**594,640**	548,906

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(a) New standard, amendments to standards and interpretation adopted by the Group (Continued)

Impact of the adoption of HKFRS 16 (Continued)

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

Land use rights – decrease by HK$319,877,000

Prepayments, deposits and other receivables – decrease by HK$66,573,000

Right-of-use assets – increase by HK$929,868,000

Lease liabilities – increase by HK$548,906,000

Other payables – decrease by HK$5,488,000

There was no impact on retained earnings at 1 January 2019.

(i) Impact on segment disclosures and profit

Segment profit for the six months ended 30 June 2019 increased/(decreased) and segment assets and segment liabilities as at 30 June 2019 increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

		(Unaudited)	
	Segment profit	**Segment assets**	**Segment liabilities**
	HK$'000	HK$'000	HK$'000
Sales of solar glass	(187)	11,162	11,349
Solar farm business	(8,117)	568,528	576,645
EPC services	10	254	244
	(8,294)	579,944	588,238

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(a) New standard, amendments to standards and interpretation adopted by the Group (Continued)

Impact of the adoption of HKFRS 16 (Continued)

(ii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

As a lessor, depending on the terms of arrangements entered into with the lessees, the Group's leases are classified as operating leases or finance leases. The accounting treatment of which has not changed compared with HKAS 17.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(Continued)

(b) New standards, amendments to standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2019 and not early adopted by the Group

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRS 3	Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020

3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Sales of solar glass	**2,924,555**	3,107,062
Solar farm business		
– Sales of electricity	**405,833**	375,434
– Tariff adjustment	**619,060**	570,400
	1,024,893	945,834
Construction contracts revenue - EPC services	**47,588**	124,533
Total revenue	**3,997,036**	4,177,429

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 2019, 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.

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, profit and other information regarding the Group's operating segments for the six months ended 30 June 2019 and 2018 respectively.

	Six months ended 30 June 2019 (Unaudited)				
	Sales of solar glass HK$'000	Solar farm business HK$'000	EPC services HK$'000	Unallocated HK$'000	Total HK$'000
Segment revenue					
Recognised at a point in time	2,924,555	1,024,893	—	—	3,949,448
Recognised over time	—	—	47,588	—	47,588
Revenue from external customers	2,924,555	1,024,893	47,588	—	3,997,036
Cost of sales	(2,125,719)	(261,300)	(38,033)	—	(2,425,052)
Gross profit	798,836	763,593	9,555	—	1,571,984
Depreciation charge of property, plant and equipment	157,624	227,979	378	—	385,981
Depreciation charges of rights-of-use assets	6,012	13,176	219	—	19,407
Additions to non-current assets (other than deferred income tax assets)	495,409	1,467,699	798	—	1,963,906

3 REVENUE AND SEGMENT INFORMATION (Continued)

	Six months ended 30 June 2018 (Unaudited)				
	Sales of solar glass HK$'000	Solar farm business HK$'000	EPC services HK$'000	Unallocated HK$'000	Total HK$'000
Segment revenue					
Recognised at a point in time	3,107,062	945,834	—	—	4,052,896
Recognised over time	—	—	124,533	—	124,533
Revenue from external customers	3,107,062	945,834	124,533	—	4,177,429
Cost of sales	(2,069,800)	(237,315)	(92,167)	—	(2,399,282)
Gross profit	1,037,262	708,519	32,366	—	1,778,147
Depreciation charge of property, plant and equipment	125,769	203,730	195	—	329,694
Amortisation charge of land use rights	3,896	—	—	—	3,896
Additions to non-current assets (other than deferred income tax assets)	481,811	897,965	3,255	20,092	1,403,123

Reportable segment assets/liabilities are as follows:

	Segment assets and liabilities				
	Solar glass HK$'000	Solar farm business HK$'000	EPC service HK$'000	Unallocated HK$'000	Total HK$'000
At 30 June 2019 (Unaudited)					
Total assets	**10,581,870**	**18,275,255**	**586,089**	**443,574**	**29,886,788**
Total liabilities	**1,525,242**	**4,564,810**	**386,956**	**5,620,415**	**12,097,423**
At 31 December 2018 (Audited)					
Total assets	7,831,812	15,193,002	420,029	447,657	23,892,500
Total liabilities	1,439,032	4,172,562	355,747	5,866,241	11,833,582

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 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Segment assets/(liabilities)	29,443,214	23,444,843	(6,477,008)	(5,967,341)
Unallocated:				
Property, plant and equipment	378	396	—	—
Investment in a joint venture	351,015	358,296	—	—
Investments in associates	75,029	75,123	—	—
Prepayments, deposits and other receivables	12,968	13,265	—	—
Cash and cash equivalents	4,184	577	—	—
Dividend payable	—	—	(337,992)	—
Other payables	—	—	(2,660)	(1,351)
Bank borrowings	—	—	(5,279,763)	(5,864,890)
Total assets/(liabilities)	29,886,788	23,892,500	(12,097,423)	(11,833,582)

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	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Segment gross profit	**1,571,984**	1,778,147
Unallocated:		
Other income	**63,691**	89,162
Other gains/(losses), net	**1,407**	(25,567)
Selling and marketing expenses	**(125,777)**	(128,711)
Administrative and other operating expenses	**(219,921)**	(187,840)
Finance income	**10,257**	4,320
Finance costs	**(156,025)**	(115,439)
Share of profits of a joint venture	**14,594**	20,092
Share of losses of associates	**(94)**	(117)
Profit before income tax	**1,160,116**	1,434,047

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	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue from sales of solar glass		
The PRC	**2,216,362**	2,234,862
Other countries	**708,193**	872,200
	2,924,555	3,107,062
Revenue from solar farm business in the PRC		
Sales of electricity	**405,833**	375,434
Tariff adjustment	**619,060**	570,400
	1,024,893	945,834
Revenue from construction contracts in respect of EPC services		
The PRC	**12,592**	15,459
Other countries	**34,996**	109,074
	47,588	124,533
Total revenue	**3,997,036**	4,177,429

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 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Non-current assets other than deferred income tax assets		
– The PRC	**16,864,030**	15,486,410
– Other countries	**1,699,240**	1,598,783
	18,563,270	17,085,193

4 OTHER INCOME

	Six months ended 30 June	
	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Rental income	**1,264**	2,017
Government grants (Note (a))	**26,084**	66,297
Others (Note (b))	**36,343**	20,848
	63,691	89,162

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, compensation of insurance claims and tariff adjustments in relation to the electricity generated by the solar power system installed on the rooftops of the Group's production complex.

5 OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Foreign exchange gains/(losses), net	4,639	(25,473)
Loss on disposal of property, plant and equipment	(3,232)	(94)
	1,407	(25,567)

6 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income on bank deposits	10,257	4,320
Finance costs		
Interest on lease liabilities	18,782	—
Interest on bank borrowings	156,709	128,639
	175,491	128,639
Less: Amounts capitalised on qualifying assets	(19,466)	(13,200)
	156,025	115,439

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	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Depreciation charge of property, plant and equipment	**385,981**	329,694
Depreciation charges of rights-of-use assets	**19,407**	—
Amortisation charge of land use rights	**—**	3,896
Employee benefit expenses (including directors' emoluments)	**182,204**	165,258
Cost of inventories sold	**1,864,141**	1,845,469
Construction contracts costs	**37,814**	92,167
Impairment of trade receivables	**485**	—
Operating lease payments in respect of land and buildings	**—**	25,446
Transportation costs and other selling expenses	**112,389**	111,247
Research and development expenditures	**104,090**	85,579
Other expenses	**64,239**	57,077
	2,770,750	2,715,833

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong profits tax (Note (a))	**178**	2,790
PRC corporate income tax ("**CIT**") (Note (b))	**125,168**	117,196
Overseas income tax (Note (c))	**111**	71
	125,457	120,057
Deferred income tax (Note (d))	**(33,918)**	5,291
Income tax expense	**91,539**	125,348

Notes:

(a) Hong Kong profits tax has been provided at the rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profits over HK$2,000,000 for the period (2018: 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profits over HK$2,000,000 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% (2018: 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 the profits are fully exempted from CIT for the three years starting from its first year of profitable operations, followed by 50% reduction in CIT in next three years. However, the government grants and insurance claims received during the period are subject to the CIT with the statutory income tax rate of 25%.

(c) Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

(d) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

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	
	2019	2018
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (HK$'000)	**952,716**	1,213,953
Weighted average number of ordinary shares in issue (thousands)	**7,893,168**	7,425,810
Basic earnings per share (HK cents)	**12.07**	16.35

(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 market share price of the Company's shares for the period) 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 period) 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.

9 EARNINGS PER SHARE (Continued)

(b) Diluted (Continued)

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (HK$'000)	**952,716**	1,213,953
Weighted average number of ordinary shares in issue (thousands)	**7,893,168**	7,425,810
Adjustments for share options (thousands)	**1,621**	2,134
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**7,894,789**	7,427,944
Diluted earnings per share (HK cents)	**12.07**	16.34

10 DIVIDENDS

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Final dividend for 2018 of 4.2 HK cents (2017: 7.0 HK cents) per Share	**337,989**	519,898
Proposed interim dividend of 5.5 HK cents (2018: 8.0 HK cents) per Share	**443,182**	594,205

At a meeting of the Board held on 7 August 2019, the Directors resolved to declare an interim dividend of 5.5 HK cents per Share for the six months ended 30 June 2019. This interim dividend, amounting to HK$443,182,000 (2018: HK$594,205,000), is based on 8,057,859,938 issued shares as at 31 July 2019 and has not been recognised as a liability in this interim financial information. The interim dividend is made out of the retained earnings of the Company and will be paid by the Company's internal financial resources as well as the available banking facilities in Hong Kong.

Shareholders will be given an option to receive the 2019 interim dividend in cash or wholly or partly in new and fully paid shares of the Company in lieu of cash by scrip dividend (the "**Scrip Dividend Scheme**"). The Scrip Dividend Scheme is subject to the Stock Exchange granting the listing of and permission to deal in the shares to be allotted and issued under the Scrip Dividend Scheme.

For the purpose of calculating the number of the scrip shares (the "**Scrip Shares**") under the Scrip Dividend Scheme, the market value of the Scrip Shares has been fixed at 95% of the average closing price per Share as quoted on the Stock Exchange for the five consecutive trading days commenced on 20 August 2019 until 26 August 2019 (both days inclusive) rounded down to two decimal places. Further details of the Scrip Dividend Scheme will be announced later.

11 PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June 2019 (Unaudited)						
	Freehold Land HK$'000	Buildings HK$'000	Plant and machinery HK$'000	Solar Farms HK$'000	Office Equipment HK$'000	Construction in progress HK$'000	Total HK$'000
Opening net book amount at 1 January	200,902	936,110	2,925,928	10,709,747	5,925	1,025,770	15,804,382
Additions	—	701	102,793	46,990	1,878	803,763	956,125
Transfer	—	221,219	674,845	239,379	—	(1,135,443)	—
Acquisition of a subsidiary (Note 20)	—	—	—	260,853	—	9,765	270,618
Disposals	—	—	(5,625)	—	—	—	(5,625)
Depreciation charge	—	(18,084)	(145,910)	(237,125)	(923)	—	(402,042)
Currency translation differences	160	(2,734)	(10,317)	(23,791)	13	1,896	(34,773)
Closing net book amount at 30 June	201,062	1,137,212	3,541,714	10,996,053	6,893	705,751	16,588,685

12 RIGHT-OF-USE ASSETS

	Six months ended 30 June 2019 (Unaudited)			
	Leasehold land and land use rights HK$'000	Factory and office premises and warehouses HK$'000	Rooftops HK$'000	Total HK$'000
Opening net book amount at 1 January (Note 2(a))	898,404	5,016	26,448	929,868
Additions	81,078	—	3,495	84,573
Acquisition of a subsidiary (Note 20)	38,653	—	—	38,653
Depreciation charge	(17,487)	(1,116)	(804)	(19,407)
Currency translation differences	(3,617)	29	(33)	(3,621)
Closing net book amount at 30 June	997,031	3,929	29,106	1,030,066

13 INTERESTS IN A JOINT VENTURE

	Six months ended 30 June 2019 HK$'000 (Unaudited)
At 1 January	358,296
Share of profits	14,594
Currency translation differences	(2,397)
Repayment from a joint venture	(19,478)
At 30 June	351,015

14 TRADE AND BILLS RECEIVABLES

	As at 30 June 2019 HK$'000 (Unaudited)	As at 31 December 2018 HK$'000 (Audited)
Trade receivables	4,539,986	3,452,905
Bills receivables	664,944	701,254
	5,204,930	4,154,159
Less: Provision for impairment of trade receivables	(840)	(355)
Trade and bills receivables, net	5,204,090	4,153,804

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

Trade and bills receivables	Solar glass HK$'000	Solar farm business HK$'000	EPC services HK$'000	Total HK$'000
At 30 June 2019 (Unaudited)				
Sales of solar glass	2,065,650	—	—	2,065,650
Sales of electricity	—	124,478	—	124,478
Tariff adjustment	—	2,781,149	—	2,781,149
EPC service revenue	—	—	233,653	233,653
Total	2,065,650	2,905,627	233,653	5,204,930
At 31 December 2018 (Audited)				
Sales of solar glass	1,628,013	—	—	1,628,013
Sales of electricity	—	87,293	—	87,293
Tariff adjustment	—	2,178,452	—	2,178,452
EPC service revenue	—	—	260,401	260,401
Total	1,628,013	2,265,745	260,401	4,154,159

14 TRADE AND BILLS RECEIVABLES (Continued)

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

	As at	
	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
0 - 90 days	4,299,563	3,354,976
91 - 180 days	135,427	51,609
181 - 365 days	84,094	26,992
1 - 2 years	13,362	11,836
Over 2 years	7,540	7,492
	4,539,986	3,452,905

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

	As at	
	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
0 - 90 days	573,571	356,569
91 - 180 days	252,787	390,319
181 - 365 days	699,370	622,026
1 - 2 years	1,176,738	824,450
Over 2 years	200,888	56,008
	2,903,354	2,249,372

The maturity of the bills receivables is within 1 year.

14 TRADE AND BILLS RECEIVABLES (Continued)

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

Receivables from sales of electricity were usually settled on a monthly basis by the state grid companies. Tariff adjustment receivables represented the government subsidies on renewable energy to be received from the state grid companies in accordance with the prevailing government policies. The Group has two solar farm projects with aggregate capacity of 250MW and eight solar farm projects with aggregate capacity of 724MW successfully enlisted on the sixth and seventh batches respectively of the "Renewable Energy Tariff Subsidy Catalogue".

Construction contracts revenue from EPC services is normally settled by instalments in accordance with the terms specified in the contracts governing the relevant EPC works. The payment terms of EPC contract is considered on a case-by-case basis and set out in the EPC contract.

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Prepayments	**584,861**	541,522
Deposits and other receivables	**77,681**	197,414
Other tax receivables (Note)	**876,713**	966,627
	1,539,255	1,705,563
Less: Non-current portion of prepayments for		
– Property, plant and equipment	**(315,990)**	(244,106)
– Land use rights and operating leases	**—**	(91,118)
Current portion	**1,223,265**	1,370,339

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

16 TRADE AND OTHER PAYABLES

	As at	
	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Trade payables	**640,064**	581,009
Retention payables for EPC services	**8,845**	7,197
Bills payable	**582,050**	493,838
Trade, retention and bills payables	**1,230,959**	1,082,044
Accruals and other payables	**1,761,890**	1,787,515
	2,992,849	2,869,559
Less: Non-current portion:		
Retention payables for construction of solar farms	**(95,075)**	(89,125)
Current portion	**2,897,774**	2,780,434

16 TRADE AND OTHER PAYABLES (Continued)

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

	As at	
	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
0 - 90 days	**441,197**	450,534
91 - 180 days	**79,093**	14,898
181 - 365 days	**72,656**	98,413
Over 1 year	**55,963**	24,361
	648,909	588,206

The maturity of the bills payables is within 6 months.

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
Issued and fully paid:				
At 1 January 2019	7,659,689	765,969	1,856,628	2,622,597
Issuance of shares				
– Under employee's share option scheme	7,996	799	27,718	28,517
– By way of placing (Note)	380,000	38,000	1,267,542	1,305,542
Dividend relating to 2018	—	—	(337,989)	(337,989)
At 30 June 2019	**8,047,685**	**804,768**	**2,813,899**	**3,618,667**

Note: In March 2019, the Company allotted and issued 380,000,000 shares by way of placing at HK$3.47 each. Proceeds of approximately HK$1,318,600,000 were received and the related transaction costs of approximately HK$13,058,000 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.

18 BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	As at	
	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Within 1 year	3,262,702	3,773,009
Between 1 and 2 years	2,604,907	2,327,609
Between 2 and 5 years	2,085,155	2,668,891
	7,952,764	8,769,509
Less: Non-current portion	(4,690,062)	(4,996,500)
Current portion	3,262,702	3,773,009

As at 30 June 2019, all bank borrowings bore floating interest rates. These bank borrowings are repayable by installments up to 2022. The carrying amounts of the Group's bank borrowings are denominated in HK$ and approximate their fair values as at 30 June 2019. The effective interest rate per annum at reporting date were as follows:

	As at	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Bank borrowings	4.10%	3.85%

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

19 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 28 May 2019, the Group completed the spin-off (the "**Spin-off**") and separate listing of Xinyi Energy Holdings Limited ("**Xinyi Energy**"), its solar farm operation arm, on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). By way of global offering, Xinyi Energy issued and allotted 1,882,609,471 shares at an offer price of HK$1.94 each. The gross proceeds was approximately HK$3,652.3 million. Immediately after the spin-off, the Company's indirect interest in Xinyi Energy had been reduced from 75% to 53.7%. The Group recognised an increase in non-controlling interests of HK$3,003.7 million and an increase in equity attributable to owners of the Company of HK$566.7 million.

On 3 June 2019, the Group completed the disposal (the "**Disposal**") of all issued shares of Xinyi Solar Farm (Group 1) Limited ("**Xinyi Solar Farm (1)**") to Xinyi Energy at a cash consideration of HK$4,083.3 million. Xinyi Solar Farm (1), through its subsidiaries, owns and operates 540MW solar farm projects in the PRC. Upon completion of the Disposal, the Company's indirect interest in Xinyi Solar Farm (1) had been reduced from 100% to 53.7%. The Group recognised a decrease in non-controlling interests of HK$511.8 million and an increase in equity attributable to owners of the Company of HK$511.8 million.

On 24 June 2019, Xinyi Energy issued and allotted an aggregate of 125,129,000 shares (the "**Over-allotment Issue**") at an offer price of HK$1.94 each in relation to the partial exercise of the over-allotment option under its global offering. The gross proceeds was approximately HK$242.8 million. Immediately after the Over-allotment Issue, the Company's indirect interest in Xinyi Energy had been reduced from 53.7% to 52.7%. The Group recognised an increase in non-controlling interests of HK$198.3 million and an increase in equity attributable to owners of the Company of HK$39.5 million.

19 TRANSACTIONS WITH NON-CONTROLLING INTERESTS (Continued)

The effect of changes in the ownership interest of Xinyi Energy and Xinyi Solar Farm (1) on the equity attributable to owners of the Company during the six months ended 30 June 2019 is summarised as follows:

	(Unaudited)			
	Spin-off HK$'000	Disposal HK$'000	Over-allotment Issue HK$'000	Total HK$'000
Increase in equity attributable to owners of the Company	566,656	511,836	39,463	1,117,955
Increase/(Decrease) in non-controlling interests	3,003,701	(511,836)	198,326	2,690,191
Increase in total equity	3,570,357	—	237,789	3,808,146

20 BUSINESS COMBINATION

In February 2019, the Group has acquired 90% equity interest of a project company which owns a grid-connected solar farm with aggregate approved capacity of approximately 30MW in the PRC at a consideration of RMB16,200,000 (equivalent to HK$18,939,000). Details of the financial information as at acquisition date is presented as follows:

	HK$'000 (Unaudited)
Purchases consideration	
Cash consideration	18,939
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	270,618
Right-of-use assets	38,653
Trade and other receivables and prepayments	108,846
Cash and cash equivalents	1,397
Lease liabilities	(33,573)
Other payables and accruals	(371,549)
Total identifiable net assets	14,392
Less: Non-controlling interest	(1,439)
	12,953
Goodwill	5,986
	18,939
Net cash outflow arising from the acquisitions	
Cash consideration	18,939
Less: Cash and cash equivalents acquired	(1,397)
	17,542

21 RELATED PARTY TRANSACTIONS

(a) Significant Related Party Transactions

Material related party transactions during the period are as follows:

	Note	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Purchases of glass products from:	i, v		
– Xinyi EnergySmart (Wuhu) Company Limited*		**44,595**	75,687
– Xinyi Electronic Glass (Wuhu) Company Limited*		**1,464**	5,754
– Xinyi Glass (Yingkou) Company Limited*		**758**	—
– Xinyi Automobile Parts (Wuhu) Company Limited*		**16**	5
– Xinyi Glass (Tianjin) Company Limited*		**—**	37,068
		46,833	118,514
Purchases of machinery from:			
– Wuhu Jinsanshi Numerical Control Technology Company Limited*	ii, v	**36,579**	35,760
Purchases from Anhui Xinyi Power Source Company Limited#			
– Processing of lithium battery energy storage facilities	iii, v	**304**	—
– Forklift battery chargers	vi	**528**	178
		832	178

21 RELATED PARTY TRANSACTIONS (Continued)

(a) Significant Related Party Transactions (Continued)

	Note	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Management fee paid to:			
– Xinyi Energy Technology (Wuhu) Limited^	iv, v	813	—
Acquisition of right-of-use assets from:	vi		
– Xinyi Glass (Tianjin) Company Limited*		9,852	—
– Xinyi Energy Smart (Wuhu) Company Limited*		4,136	—
		13,988	—
Rental expenses paid to:			
– Xinyi Glass (Tianjin) Company Limited*		—	2,540
– Xinyi Energy Smart (Wuhu) Company Limited*		—	965
– Cheer Wise Investments Limited*		—	30
		—	3,535
Rental income received from:			
– Xinyi Energy Smart (Wuhu) Company Limited*	vi	534	568

21 RELATED PARTY TRANSACTIONS (Continued)

(a) Significant Related Party Transactions (Continued)

	Note	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Sales of glass products to:	vi		
– Xinyi Energy Smart (Wuhu) Company Limited*		866	2,254
– Xinyi Glass (Tianjin) Company Limited*		164	533
– Xinyi Electronic Glass (Wuhu) Company Limited*		9	—
– Xinyi Glass Engineering (Dongguan) Company Limited*		1	—
– Xinyi Glass (Bozhou) Company Limited*		1	—
		1,041	2,787
Sales of other goods to:	vi		
– Xinyi Energy Smart (Malaysia) Sdn Bhd*		776	—
– Anhui Xinyi Power Source Company Limited#		610	—
– Xinyi (Jiangsu) Company Limited*		191	—
		1,577	—
Consultancy fee paid to:			
– Xinyi Glass Japan Company Limited*	vi	427	431

21 RELATED PARTY TRANSACTIONS (Continued)

(a) Significant Related Party Transactions (Continued)

	Note	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Management fee received from:			
– Xinyi Energy Smart (Malaysia) Sdn Bhd*	vi	630	—
EPC service income from:			
– Xinyi Glass (Yingkou) Company Limited*	vi	216	—
Acquisition of land parcel from:			
– Xinyi Energy Smart (Malaysia) Sdn Bhd*		—	106,594
Transportation fee paid to:			
– Wuhu Xinhe Logistics Company Limited Wuhu Branch*		—	1,969

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

\# Company with its issued share capital owned as to more than 30% in aggregate by the various directors of the Company, namely Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*, Mr. LI Man Yin and their respective associates.

^ Connected subsidiary of the Company.

21 RELATED PARTY TRANSACTIONS (Continued)

(a) Significant Related Party Transactions (Continued)

Notes:

(i) 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 2018.

(ii) 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 2018.

(iii) The processing of lithium battery energy storage facilities was charged at mutually agreed prices and terms. Details of the transactions were disclosed in the Company's announcement dated 26 February 2018.

(iv) The management fee was charged at considerations based on mutually agreed terms. Details of the transactions were disclosed in the Company's circular dated 15 May 2019.

(v) The transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(vi) The transactions were de minimis transactions entered into in the ordinary course of business and under normal commercial terms. They are exempted from all the reporting, announcement and independent shareholders' approval requirements by virtue of rule 14A.76 of the Listing Rules.

(vii) Approximately 335 square meter office areas and a car park in Hong Kong is provided by Cheer Wise, an associate owned as to 40% by the Company, for the Group's occupation during the period without consideration paid. From 1 May 2018, the leases of premises with approximately 30 square meter office area have been charged at mutually agreed rental.

21 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with Related Parties

	As at	
	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Amount due from a joint venture		
– Xinyi Solar (Lu'an) Company Limited	3,162	4,131
Amounts due to related companies		
– Wuhu Jinsanshi Numerical Control Technology Company Limited	65,304	84,503
– Xinyi Energy Smart (Malaysia) Sdn Bhd	13,817	13,806
– Xinyi Ultra-clear Photovoltaic Glass (Dongguan) Company Limited	1,683	1,685
– Auhui Xinyi Power Source Company Limited	792	1,622
– Xinyi Electronic Glass (Wuhu) Company Limited	227	—
– Xinyi Glass Japan Company Limited	73	71
	81,896	101,687

Key management compensation amounted to HK$16,552,000 for the six month ended 30 June 2019 (2018: HK$16,148,000).

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of 5.5 HK cents per Share for the six months ended 30 June 2019 (2018: 8.0 HK cents), totaling HK$443.2 million (2018: HK$594.2 million), to be paid to all shareholders (the "**Shareholders**") of the Company with their names recorded on the register of members of the Company at the close of business on Monday, 26 August 2019. The interim dividend is expected to be payable on or about Wednesday, 16 October 2019. The Company's register of members will be closed from Thursday, 22 August 2019 to Monday, 26 August 2019 (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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 21 August 2019.

The interim dividend is made out of the retained earnings of the Company. The interim dividend will be paid by the Company's internal financial resources as well as the available banking facilities in Hong Kong.

Shareholders will be given an option to receive the 2019 interim dividend in cash or wholly or partly in new and fully paid shares of the Company in lieu of cash by the Scrip Dividend Scheme. The Scrip Dividend Scheme is subject to The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting the listing of and permission to deal in the shares to be allotted and issued under the Scrip Dividend Scheme.

For the purpose of calculating the number of the Scrip Shares under the Scrip Dividend Scheme, the market value of the Scrip Shares has been fixed at 95% of the average closing price per Share as quoted on the Stock Exchange for the five consecutive trading days commenced on 20 August 2019 until 26 August 2019 (both days inclusive) rounded down to two decimal places. Further details of the Scrip Dividend Scheme will be announced later.

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

For the six months ended 30 June 2019, 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 "**CG 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 2019.

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 2019.

CHANGES IN DIRECTORS' INFORMATION

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

Dr. LEE Yin Yee, B.B.S. has been re-designated as an executive director of the Company with effect from 28 May 2019. He was appointed as a non-executive director of Xinyi Energy Holdings Limited ("**Xinyi Energy**") on 23 May 2018. On 28 May 2019, Xinyi Energy (stock code: 03868) was spun off from Xinyi Solar and became separately listed on the Main Board of the Stock Exchange.

Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* has been re-designated as a non-executive director of the Company with effect from 28 May 2019. He was appointed as an executive director of Xinyi Energy on 23 May 2018. On 28 May 2019, Xinyi Energy (stock code: 03868) was spun off from Xinyi Solar and became separately listed on the Main Board of the Stock Exchange.

Mr. LEE Yau Ching, an executive director of the Company, was appointed as an executive director of Xinyi Energy on 26 June 2015. On 28 May 2019, Xinyi Energy (stock code: 03868) was spun off from Xinyi Solar and became separately listed on the Main Board of the Stock Exchange.

Mr. LEE Shing Put, non-executive director of the Company, was awarded Bronze Bauhinia Star (B.B.S.) by the Hong Kong Special Administrative Region Government on 1 July 2019.

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 2019, 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:

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
Dr. LEE Yin Yee, B.B.S.	Interest in a controlled corporation[1]	Realbest (as defined below)	829,014,056	10.301%
	Interest in a controlled corporation[2]	Full Guang (as defined below)	35,572,196	0.442%
	Joint interest[1]		30,076,564	0.374%
	Family interest[1]		49,054,305	0.610%
	Interest in persons acting in concert[3]		1,642,609,303	20.411%
Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*	Interest in a controlled corporation[4]	Copark (as defined below)	282,277,830	3.508%
	Personal interest[4]		15,754,717	0.196%
	Family interest[4]		80,300,403	0.998%
	Interest in persons acting in concert[3]		2,207,993,474	27.436%
Mr. LI Man Yin	Interest in a controlled corporation[5]	Perfect All (as defined below)	91,394,968	1.136%
	Personal interest[5]		3,325,490	0.041%
	Family interest[5]		2,240,549	0.028%
	Interest in persons acting in concert[3]		2,489,365,417	30.933%
Mr. LEE Yau Ching	Interest in a controlled corporation[6]	Telerich (as defined below)	287,607,718	3.574%
Mr. CHEN Xi	Family interest[7]		230,476	0.003%

Notes:

(1) Dr. 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 829,014,056 shares. Dr. LEE Yin Yee, B.B.S. also has 30,076,564 shares jointly with and 49,054,305 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 Dr. LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.21%, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* 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 Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*, 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) Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* is the beneficial owner of the entire issued share capital of Copark Investment Limited ("**Copark**") which is the registered owner of 282,277,830 shares. Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* also has 15,754,717 shares held in his own name and 80,300,403 shares through his spouse, Madam SZE Tan 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 91,394,968 shares. Mr. LI Man Yin also has 3,325,490 shares in his own name and 2,240,549 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 287,607,718 shares.

(7) Mr. CHEN Xi has 230,476 shares held through his spouse, Madam MAO Ke.

(ii) Share options of the Company

As at 30 June 2019, there were a total of 1,127,559 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	:	28 March 2019	29 March 2018	31 March 2017
Number of share options granted	:	375,000	375,000	375,000
Number of share options outstanding at 30 June 2019	:	375,000	375,000	377,559#
Exercise period	:	1 April 2022 to 31 March 2023	1 April 2021 to 31 March 2022	1 April 2020 to 31 March 2021
Exercise price per Share	:	HK$3.76	HK$3.18	HK$2.48#
Capacity in which interest is held	:	Beneficial owner	Beneficial owner	Beneficial owner
Approximate percentage of the Company's issued share capital at 30 June 2019	:	0.005%	0.005%	0.005%

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, a listed non-wholly owned subsidiary of the Company, as at 30 June 2019:

Name of Director	Capacity	Name of the controlled corporations	Number of shares held	Approximate percentage of the Company's issued share capital
Dr. LEE Yin Yee, B.B.S.	Interest in a controlled corporation[1]	Charm Dazzle (as defined below)	457,957,500	6.782%
	Interest in a controlled corporation[1]	Realbest	82,901,405	1.227%
	Interest in a controlled corporation[2]	Full Guang	7,606,019	0.112%
	Joint interest[1]		3,575,733	0.053%
	Family interest[1]		4,337,354	0.064%
	Interest in persons acting in concert[3]		893,081,718	13.226%
Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*	Interest in a controlled corporation[4]	Sharp Elite (as defined below)	187,687,500	2.779%
	Interest in a controlled corporation[4]	Copark	29,803,255	0.441%
	Family interest[4]		8,030,041	0.118%
	Interest in persons acting in concert[3]		1,223,938,933	18.125%
Mr. LI Man Yin	Interest in a controlled corporation[5]	Will Sail (as defined below)	45,045,000	0.667%
	Interest in a controlled corporation[5]	Perfect All	9,139,496	0.135%
	Personal interest[5]		394,278	0.006%
	Family interest[5]		162,325	0.002%
	Interest in persons acting in concert[3]		1,394,718,630	20.654%

Notes:

(1) Dr. LEE Yin Yee, B.B.S. is the beneficial owner of the entire issued share capital of Realbest and Charm Dazzle Limited ("**Charm Dazzle**") which in turn are the registered owner of 82,901,405 and 457,957,500 shares respectively. Dr. LEE Yin Yee, B.B.S. also has 3,575,733 shares jointly held with and 4,337,354 shares directly held by his spouse, Madam TUNG Hai Chi.

(2) The interest in the shares are held through Full Guang. Full Guang is owned by Dr. LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.21%,Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* as to 16.21%, Mr. LEE Sing Din (father of Mr. LEE Yau Ching) as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

(3) Pursuant to an agreement dated 22 November 2018 and entered into by Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*, 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.

(4) Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* is the beneficial owner of the entire issued share capital of Copark and Sharp Elite Holdings Limited ("**Sharp Elite**") which is are the registered owner of 29,803,255 and 187,687,500 shares respectively. Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* also has 8,030,041 shares which directly held by his spouse, Madam SZE Tan Hung.

(5) Mr. LI Man Yin is the beneficial owner of the entire issued share capital of Perfect All and Will Sail Limited ("**Will Sail**") both are incorporated in the BVI with limited liability and wholly-owned by Mr. LI Man Yin. Mr. LI Man Yin also has 394,278 shares in his own name and 162,325 shares through his spouse, Madam LI Sau Suet.

Save as disclosed above, as at 30 June 2019, 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.

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

As at 30 June 2019, 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	1,963,982,867	24.404%
Xinyi Automobile Glass (BVI) Company Limited	Interest in a controlled corporation	1,963,982,867	24.404%
Xinyi Glass Holdings Limited	Beneficial owner	811	0.00001%
	Interest in a controlled corporation	1,963,982,867	24.404%
Mr. TUNG Ching Bor	Interest in a controlled corporation(1)	304,950,673	3.789%
	Joint interest(1)	48,265,333	0.600%
	Interest in persons acting in concert(2)	2,233,110,418	27.748%
Mr. LEE Sing Din	Interest in a controlled corporation(3)	287,607,718	3.574%
	Personal interest(3)	2,286,274	0.028%
	Joint interest(3)	69,196,176	0.860%
	Interest in persons acting in concert(2)	2,227,236,256	27.675%

Name of substantial shareholders	Nature of interest and capacity	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. LI Ching Wai	Interest in a controlled corporation(4)	133,267,932	1.656%
	Personal interest	3,595,686	0.045%
	Interest in persons acting in concert(2)	2,449,462,806	30.436%
Mr. SZE Nang Sze	Interest in a controlled corporation(5)	126,561,775	1.573%
	Personal interest	2,510,329	0.031%
	Interest in persons acting in concert(2)	2,457,254,320	30.533%
Mr. NG Ngan Ho	Interest in a controlled corporation(6)	89,351,040	1.110%
	Personal interest	2,514,901	0.031%
	Interest in persons acting in concert(2)	2,494,460,483	30.996%
Mr. LI Ching Leung	Interest in a controlled corporation(7)	88,997,706	1.106%
	Personal interest(7)	7,752,549	0.096%
	Family interest(7)	457,254	0.006%
	Interest in persons acting in concert(2)	2,489,118,915	30.929%

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 Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*, 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 2,286,274 shares held in his own name and 69,196,176 shares through a joint account with his spouse, Madam LI Kam Ha.

(4) Mr. LI Ching Wai's interests in the shares are held through Goldbo International Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai.

(5) Mr. SZE Nang Sze's interests in the shares are held through Goldpine Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.

(6) Mr. NG Ngan Ho's interests in the shares are held through Linkall Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. NG Ngan Ho.

(7) Mr. LI Ching Leung's interests in the shares are held through Herosmart Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung also has 7,752,549 shares held in his own name and 457,254 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 2019, 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
Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*	Xinyi Group (Glass) Company Limited	Director
Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*	Xinyi Automobile Glass (BVI) Company Limited	Director
Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*	Xinyi Glass Holdings Limited	Director
Dr. LEE Yin Yee, B.B.S.	Realbest Investment Limited	Director
Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*	Copark Investment Limited	Director
Mr. LI Man Yin	Perfect All Investments Limited	Director
Mr. LEE Yau Ching	Telerich Investment Limited	Director
Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*	Xinyi Energy Holdings Limited	Director

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 2019.

REVIEW OF THE INTERIM RESULTS

The Company's interim results for the six months ended 30 June 2019 have not been audited but have been reviewed by the Company's audit committee, comprising the three independent non-executive Directors.

EXECUTIVE DIRECTORS

Dr. LEE Yin, Yee, B.B.S. (*Chairman*) ø~
Mr. LEE Yau Ching
(*Chief Executive Officer*)
Mr. LI Man Yin
Mr. CHEN Xi

NON- EXECUTIVE DIRECTORS

Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* (*Vice Chairman*) ø<
Mr. LEE Shing Put, B.B.S.

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

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Xinyi PV Glass Industrial Zone
2 Xinyi Road
Wuhu Economic and Technology Development Zone
Wuhu City, Anhui Province, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2109-2115, 21/F
Rykadan Capital Tower
No. 135 Hoi Bun Road
Kwun Tong, Kowloon
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

AUDITOR

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

Corporate Information

PRINCIPAL BANKERS

Bank of China (Hong Kong)
Bank of East Asia
China Citic Bank
Chiyu Banking Corporation Ltd.
Citibank, N.A.
DBS Bank
Hang Seng Bank
HSBC
Huaxia Bank
Huishang Bank
Industrial Bank
Malayan Banking Berhad
OCBC Wing Hang
Sumitomo Mitsui Banking Corporation

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shop 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 approval date of this interim report: HK$4.00
Market capitalisation as of the approval date of this interim report: Approximately HK$32.19 billion

KEY DATES

Closure of register of members:
Thursday, 22 August 2019 to Monday, 26 August 2019 (both days inclusive)

Proposed interim dividend payable date: On or about Wednesday, 16 October 2019