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XINYI SOLAR HOLDINGS LIMITED

信義光能控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock code: 00968)

VOLUNTARY ANNOUNCEMENT ACQUISITION OF LAND IN MALACCA, MALAYSIA FOR CONSTRUCTION OF ULTRA-CLEAR PHOTOVOLTAIC GLASS PRODUCTION PLANT

This announcement is made by the Board on a voluntary basis relating to the acquisition of the Land for the construction of an ultra-clear photovoltaic glass production plant.

INTRODUCTION

On 28 November 2014, the Land Acquisition Agreement was entered into between Xinyi Solar (Malaysia) and PKNM. Pursuant to the Land Acquisition Agreement, PKNM has agreed to sell, and Xinyi Solar (Malaysia) has agreed to purchase, the Land and PKNM has agreed to construct the Land Infrastructure. The total purchase price under the Land Acquisition Agreement is MYR33.32 million (equivalent to approximately HK\$77.31 million). The Group plans to use the Land for the construction of an ultra-clear photovoltaic glass production plant in Malacca, Malaysia.

PRINCIPAL TERMS OF THE LAND ACQUISITION AGREEMENT

Date:	28 November 2014
Parties:	(1) PKNM, as vendor (2) Xinyi Solar (Malaysia), as purchaser
Subject matter:	The Land together with construction of the Land Infrastructure

Purchase price:	<p>The total purchase price for the Land (including the construction cost for the Land Infrastructure to be borne by the vendor) is MYR33.32 million (equivalent to HK\$77.31 million)</p> <p>The purchase price will be paid by Xinyi Solar (Malaysia) in cash as follows:-</p> <ol style="list-style-type: none"> (1) the first instalment of MYR6.66 million (equivalent to approximately HK\$15.46 million) representing 20.0% of the total purchase price within three Business Days after the signing of the Land Acquisition Agreement; (2) the second instalment of MYR23.33 million (equivalent to approximately HK\$54.12 million) representing 70.0% of the total purchase price within three months after the signing of the Land Acquisition Agreement; and (3) the third instalment of MYR3.33 million (equivalent to approximately HK\$7.73 million) representing 10.0% of the total purchase price within seven days from the completion date of the construction of the Land Infrastructure by PKNM and/or the appropriate government authorities as designated by PKNM. <p>Xinyi Solar (Malaysia) will pay all stamp duties, registration fees and other disbursements payable in respect of the Land Acquisition Agreement and the documentations for effecting the transfer of the Land.</p>
Construction of the Land Infrastructure	The construction of the Land Infrastructure is expected to complete not later than 30 November 2015.
Vacant possession:	PKNM agrees to deliver to Xinyi Solar (Malaysia) the vacant possession of the Land on 1 January 2015.
Completion:	Completion of the sale and purchase of the Land will take place upon completion of the construction of the Land Infrastructure by PKNM and the payment of the entire amount of the purchase price under the Land Acquisition Agreement.
Governing law:	The laws of Malaysia

The Group plans to construct a glass production plant focusing on the production of ultra-clear photovoltaic glass products on the Land. The Land is adjacent to the parcel of land to be acquired by Xinyi Glass. The construction of the glass production plant will be completed in different phases over a number of years, and the estimated amount of the total possible investment of the glass construction plant (including the purchase price for the Land and the required working capital) is expected to be around US\$100.0 million (equivalent to HK\$780.0 million) and will be incurred in different phases over a number of years. The estimated investment amount is expected to be financed by a combination of the internal financial resources of the Group and, if appropriate, other external source of financing.

REASONS FOR AND BENEFIT OF ENTERING INTO THE LAND ACQUISITION AGREEMENT

The Group is principally engaged in the production and sale of solar glass products at its production complexes in the PRC and the operations of solar farms in the PRC.

The purpose of entering into the Land Acquisition Agreement is to acquire the Land for the construction of an ultra-clear photovoltaic glass production plant in Malacca, Malaysia. The Directors believe that the new ultra-clear photovoltaic glass production capacity of the Group in Malaysia is a major strategic step for the Group to diversify its production base and strengthen its overseas sales. Malaysia is one of the member economies of the Asia-Pacific Economic Cooperation (“APEC”) and a member state of Association of Southeast Asian Nations (“ASEAN”) and ASEAN Free Trade Area (“AFTA”). Under AFTA, ten member states of ASEAN, including Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam, Laos, Myanmar and Cambodia, have agreed to adopt a common effective preferential tariff scheme on nearly 8,000 products, including ultra-clear photovoltaic glass products, so long as they are produced by membership countries of AFTA. As part of the feasibility study, the Directors have also considered the Malaysia’s policies on attracting foreign investments, political stability, cost of supply of labour and raw materials, technology, and the economic growth of Malaysia in general and the state of Malacca in particular. The Directors believe that constructing a glass production plant in Malacca is beneficial to continuous business growth of the Group as a whole, particularly for the overseas sales of the Group’s solar glass products to the ASEAN countries.

The Group has established a task force for the construction of the ultra-clear photovoltaic glass production plant in Malacca, Malaysia.

In view of the above, the Directors consider that the terms of the Land Acquisition Agreement are fair and reasonable and the construction of new ultra-clear photovoltaic glass production capacity in Malaysia is in the interest of the Company and the Shareholders as a whole.

BACKGROUND INFORMATION OF PKNM

PKNM is a government supported economic development agency of Malacca, Malaysia and is responsible for the implementation of the Malaysian government's economic policies. One of its primary objectives is to raise the living standards of Malacca and to restructure the local society through the development of a balanced and fair distribution.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, PKNM and its ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

Based on the purchase price of the Land under the Land Acquisition Agreement, the applicable percentage ratios under Chapter 14 of the Listing Rules do not exceed 5% under Rule 14.07 of the Listing Rules. Hence, the acquisition of the Land under the Land Acquisition Agreement does not constitute a notifiable transaction (as such term under the Listing Rules) for the Company.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS USED IN THIS ANNOUNCEMENT

Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as set forth below:-

“Board”	means the board of directors of the Company;
“Business Day”	means a day other than Saturday, Sunday or a public holiday on which banks are open for business in Malacca and all other states and territories of Malaysia;
“Company”	means Xinyi Solar Holdings Limited (信義光能控股有限公司), a company incorporated in the Cayman Islands with limited liability, all the Shares of which are listed on the Main Board;
“Directors”	means directors of the Company;
“Group”	refers to the Company and its subsidiaries;
“Hong Kong”	means The Hong Kong Special Administrative Region of the People's Republic of China;

“Independent Third Party(ies)”	refers to an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of the Company or any its subsidiaries or any of their respective associates;
“Land”	means a portion of a freehold land parcel held under PT 6625, HS(D)10310, Mukin Jasin, District of Jasin, State of Malacca in an total area of approximately 45 acres;
“Land Acquisition Agreement”	means the agreement in respect of the sale and purchase of the Land and the construction of the Land Infrastructure entered into between Xinyi Solar (Malaysia) and PKNM on 28 November 2014;
“Land Infrastructure”	refers to the infrastructure works to be constructed at the cost of PKNM on the Land including clearance of oil palm trees and vegetation and construction of infrastructure for the supply of electricity, water and natural gas;
“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Main Board”	means the main board of the Stock Exchange;
“Malacca”	refers to a state of Malaysia (Melaka in Malay language);
“PKNM”	means Perbadanan Kemajuan Negeri Melaka (State Economic Development Corporation Malacca), a body corporate established pursuant to the Melaka State Development Corporation Enactment 1971 and an Independent Third Party;
“PRC”	means the People’s Republic of China which does not include, for the purpose of this announcement, Hong Kong, The Macau Special Administrative Region of the PRC and Taiwan;
“Share(s)”	means the share(s) of the Company with par value of HK\$0.1 each;
“Shareholder(s)”	means shareholder(s) of the Company;

“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Xinyi Glass”	means Xinyi Glass Holdings Limited (信義玻璃控股有限公司), a company incorporated in the Cayman Islands with limited liability, all the shares of which are listed on the Main Board, and a substantial shareholder (as such term defined under the Listing Rules) of the Company;
“Xinyi (Malaysia)”	means Xinyi Solar (Malaysia) SDN BHD, a company incorporated in Malaysia pursuant to the Companies Act 1965 and a wholly-owned subsidiary of the Company;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“MYR”	means Malaysian Ringgits, the lawful currency of the Malaysia;
“US\$”	means United States dollars, the lawful currency of the United States of America; and
“%”	means per cent.

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

Hong Kong, 28 November 2014

Unless the context requires otherwise, the translations of MYR into HK\$ and US\$ into HK\$ in this announcement are based on the rate of MYR1.0 = HK\$2.32 and US\$1.0 = HK\$7.8. No representation is made that any amount in MYR, US\$ and HK\$ can be or could have been converted at the relevant dates at these rates or any other rates at all.

As of the date of this announcement, the executive Directors are Mr. TUNG Ching Sai, Mr. LEE Yau Ching, Mr. LI Man Yin, and Mr. CHEN Xi, the non-executive Directors are Mr. LEE Yin Yee, M.H. (Chairman of the Board) and Mr. LEE Shing Put, and the independent non-executive Directors are Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin.

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