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)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS			
	Year Ended 31 December		
	2015	2014	Change
	HK$'million	*HK$'million*	
Revenue	**4,750.4**	2,410.0	97.1%
Profit attributable to equity holders of the Company	**1,205.6**	493.0	144.6%
Earnings per share - Basic	**18.53 HK cents**	8.42 HK cents	120.1%
Proposed final dividend per share	**4.5 HK cents**	2.4 HK cents	

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors (the "**Directors**") of Xinyi Solar Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**" or "**Xinyi Solar**") for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014, as follows:-

CONSOLIDATED INCOME STATEMENT

	Note	**2015** *HK$'000*	2014 *HK$'000*
Revenue	3	**4,750,410**	2,410,004
Cost of sales	6	**(3,040,159)**	(1,649,067)
Gross profit		**1,710,251**	760,937
Other income	4	**142,710**	87,413
Other gains /(losses), net	5	**61,589**	(13,038)
Selling and marketing expenses	6	**(186,521)**	(98,459)
Administrative and other operating expenses	6	**(317,550)**	(160,125)
Operating profit		**1,410,479**	576,728
Finance income	7	**4,602**	2,361
Finance costs	7	**(21,095)**	(7,441)
Profit before income tax		**1,393,986**	571,648
Income tax expense	8	**(188,389)**	(78,676)
Profit for the year attributable to equity holders of the Company		**1,205,597**	492,972
Earnings per share attributable to the equity holders of the Company (Expressed in HK cents per share)			
- Basic and diluted	10	**18.53**	8.42

Details of the dividends proposed for the year are disclosed in note 9.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	HK$'000	*HK$'000*
Profit for the year	**1,205,597**	492,972
Other comprehensive income, net of tax:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(434,887)**	(76,133)
Share of other comprehensive income of an investment accounted for using the equity method	**(6,606)**	—
Total comprehensive income for the year	**764,104**	416,839
Attributable to:		
- Owners of the Company	**764,104**	416,839
- Non-controlling interests	**—**	—
	764,104	416,839

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	**2015** *HK$'000*	2014 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**7,104,061**	3,685,227
Land use rights		**180,372**	180,186
Prepayments for property, plant and equipment, land use rights and operating leases	11	**380,457**	294,989
Investment in a joint venture	15	**175,263**	—
Deferred income tax assets		**1,442**	1,244
Total non-current assets		**7,841,595**	4,161,646
Current assets			
Inventories		**199,078**	299,198
Amounts due from customers for construction work		**33,046**	—
Trade and other receivables	11	**1,585,899**	732,529
Amount due from a joint venture	12	**158,470**	—
Bills receivables	11	**47,842**	27,868
Cash and cash equivalents		**2,868,703**	542,726
Total current assets		**4,893,038**	1,602,321
Total assets		**12,734,633**	5,763,967
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**674,880**	608,000
Other reserves		**3,133,083**	1,851,850
Retained earnings		**1,937,040**	846,038
		5,745,003	3,305,888
Non-controlling interests	16	**1,146,365**	—
Total equity		**6,891,368**	3,305,888

	Note	**2015**	2014
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings	14	**3,116,052**	1,157,143
Deferred income tax liabilities		**17,340**	9,619
Total non-current liabilities		**3,133,392**	1,166,762
Current liabilities			
Bank borrowings	14	**474,212**	142,857
Trade and other payables	13	**2,156,399**	1,120,819
Amount due to a related company		**4,272**	—
Current income tax liabilities		**74,990**	27,641
Total current liabilities		**2,709,873**	1,291,317
Total liabilities		**5,843,265**	2,458,079
Total equity and liabilities		**12,734,633**	5,763,967

NOTES:

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) The following new amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2015. The adoption of these new and amended standards and interpretations does not have any significant impact to the results and financial position of the Group:

		Effective for accounting periods beginning on or after
Annual Improvements Project	Annual Improvements 2010 - 2012 Cycle	1 January 2015
Annual Improvements Project	Annual Improvements 2011 - 2013 Cycle	1 January 2015
HKAS 19 (Amendment)	Defined Benefit Plants: Employee Contributions	1 January 2015

(b) New standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted:

		Effective for accounting periods beginning on or after
Annual Improvements Project	Annual Improvements 2012 — 2014 Cycle	1 January 2016
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 10, HKFRS 12 and HKAS28 (Amendments)	Investment Entities: Applying the Consolidation Exception	Note
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018

Note: The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

Management is in the process of making an assessment of the impact of these new standards and amendments to standards and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

(c) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3 Segment information

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

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

Among these operating segments, they are aggregated into four segments based on product type: (1) ultra-clear photovoltaic raw glass; (2) ultra-clear photovoltaic processed glass and other glass; (3) solar power electricity generation; and (4) 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.

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 consolidated income statements.

The segment information provided to the Executive Directors for the reportable segments is as follows:

	Year ended 31 December 2015				
	Ultra-clear photovoltaic raw glass	**Ultra-clear photovoltaic processed glass and other glass**	**Solar power electricity generation**	**EPC services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue	**217,688**	**3,694,505**	**313,030**	**526,470**	**4,751,693**
Inter-segment revenue	**(54)**	**(1,229)**	**—**	**—**	**(1,283)**
Revenue from external customers	**217,634**	**3,693,276**	**313,030**	**526,470**	**4,750,410**
Cost of sales	**(187,644)**	**(2,358,719)**	**(83,276)**	**(410,520)**	**(3,040,159)**
Gross profit	**29,990**	**1,334,557**	**229,754**	**115,950**	**1,710,251**

	Year ended 31 December 2014				
	Ultra-clear photovoltaic raw glass	Ultra-clear photovoltaic processed glass and other glass	Solar power electricity generation	EPC services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	237,243	2,148,089	30,580	—	2,415,912
Inter-segment revenue	(24)	(5,884)	—	—	(5,908)
Revenue from external customers	237,219	2,142,205	30,580	—	2,410,004
Cost of sales	(210,930)	(1,434,198)	(3,939)	—	(1,649,067)
Gross profit	26,289	708,007	26,641	—	760,937

A reconciliation of segment gross profit to profit before income tax is provided as follows:

	2015	2014
	HK$'000	*HK$'000*
Segment gross profit	**1,710,251**	760,937
Unallocated:		
Other income	**142,710**	87,413
Other gains/(losses), net	**61,589**	(13,038)
Selling and marketing expenses	**(186,521)**	(98,459)
Administrative and other operating expenses	**(317,550)**	(160,125)
Finance income	**4,602**	2,361
Finance costs	**(21,095)**	(7,441)
Profit before income tax	**1,393,986**	571,648

As no discrete financial information is available for ultra-clear photovoltaic raw glass and ultra-clear photovoltaic processed glass and other glass, their other segment information, assets and liabilities are aggregated and presented under the solar glass segment.

	Other segment information			
	Solar glass	Solar power electricity generation	EPC services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2015				
Depreciation charge of property, plant and equipment	144,164	77,329	—	221,493
Amortisation charge of land use rights	4,083	—	—	4,083
Additions to non-current assets (other than deferred tax income tax assets)	525,302	3,695,064	3,187	4,223,553
Year ended 31 December 2014				
Depreciation charge of property, plant and equipment	88,700	3,390	—	92,090
Amortisation charge of land use rights	2,405	—	—	2,405
Additions to non-current assets (other than deferred tax income tax assets)	454,245	2,250,076	—	2,704,321

	Assets and liabilities				
	Solar glass	Solar power electricity generation	EPC services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2015					
Total assets	6,050,022	6,243,876	265,352	175,383	12,734,633
Total liabilities	1,205,165	1,722,741	182,071	2,733,288	5,843,265
At 31 December 2014					
Total assets	3,966,064	1,787,044	—	10,859	5,763,967
Total liabilities	1,128,493	18,662	—	1,310,924	2,458,079

The Group's revenue is mainly derived from customers located in the Mainland China (the "**PRC**") and overseas countries, while the Group's business activities are conducted predominately in the PRC. An analysis of the Group's sales by geographical area of its customers is as follows:

	2015	2014
	HK$'000	*HK$'000*
Revenue from sales of solar glass		
- The PRC	**3,209,826**	1,915,152
- Other countries	**701,084**	464,272
	3,910,910	2,379,424
Solar power electricity generation in the PRC		
- Sales of electricity	**129,142**	13,102
- Tariff adjustment	**183,888**	17,478
	313,030	30,580
Construction contract revenue (EPC services)		
- The PRC	**526,470**	—
	4,750,410	2,410,004

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:

	2015	2014
	HK$'000	*HK$'000*
The PRC	**7,746,084**	4,144,976
Other countries	**94,069**	15,426
	7,840,153	4,160,402

4 Other income

	2015	2014
	HK$'000	*HK$'000*
Rental income	**1,141**	1,163
Government grants (Note (a))	**115,040**	71,019
Others (Note (b))	**26,529**	15,231
	142,710	87,413

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 represented scrap sales and tariff adjustments in relation to the electricity generated by the distributed generation solar power system installed on the roof-top at the Group's production complex.

5 Other gains/(losses), net

	2015	2014
	HK$'000	*HK$'000*
Foreign exchange losses, net	**(10,500)**	(12,837)
Gain/(loss) on disposal of property, plant and equipment	**9,589**	(201)
Gain on deemed disposal of a subsidiary (Note 15)	**62,500**	—
	61,589	(13,038)

6 Expenses by nature

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

	2015	2014
	HK$'000	*HK$'000*
Auditor's remuneration		
- Audit services	**1,300**	1,200
- Non-statutory audit and other services (Note)	**1,450**	—
Reversal of provision for impairment of trade receivables	**—**	(123)
Depreciation charge of property, plant and equipment	**221,493**	92,090
Amortisation charge of land use rights	**4,083**	2,405
Employee benefit expenses (including directors' emoluments)	**199,554**	139,518
Raw material and consumables used	**2,350,694**	1,248,796
Changes in inventories	**(100,120)**	208,167
Cost of inventories sold	**2,250,574**	1,456,963
Construction contract costs	**410,520**	—
Operating lease payments in respect of land and buildings	**12,611**	8,233
Transportation costs	**152,503**	76,078
Research and development expenditures	**182,302**	91,639
Other expenses	**107,840**	39,648
	3,544,230	1,907,651

Note: Related to non-recurring non-statutory audit and other services for Xinyi Energy Holdings Limited and its subsidiaries.

7 Finance income and costs

	2015	2014
	HK$'000	*HK$'000*
Finance income		
Interest income from bank deposits	**4,602**	2,361
Finance costs		
Interest on bank borrowings	**48,836**	7,329
Less: Amounts capitalised on qualifying assets	**(27,741)**	—
	21,095	7,329
Others	**—**	112
	21,095	7,441

8 Income tax expense

	2015	2014
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax (Note (b))	**279**	1,244
PRC corporate income tax ("**CIT**") (Note (c))	**174,337**	80,000
Under/(over)-provision in prior year	**6,250**	(2,568)
	180,866	78,676
Deferred income tax	**7,523**	—
Income tax expense	**188,389**	78,676

Notes:

(a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

(b) Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year.

(c) CIT is provided on the estimated taxable profits of the subsidiaries established in the PRC for the year, 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% (2014: 15%) for the year 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 three years starting from its first year of profitable operations, followed by 50% reduction in CIT in next three years.

(d) 5% withholding income tax is imposed on dividends relating to profits remitted from the PRC subsidiaries to the Hong Kong intermediate holding companies.

9 Dividends

An interim dividend of 4.2 HK cents per share (2014: 1.6 HK cents) was paid to shareholders whose names appeared on the Register of Members of the Company on 14 August 2015 (2014: 12 August 2014).

A final dividend in respect of the financial year ended 31 December 2015 of HK$4.5 per share (2014: 2.4 HK cents), amounting to a total dividend of HK$303,696,000 (2014: HK$157,920,000) is to be proposed at the forthcoming Annual General Meeting. The amount of 2015 proposed final dividend is based on 6,748,800,000 shares in issue as at 31 December 2015 (2014: 6,580,000,000 shares). These financial statements do not reflect this dividend payable.

Subject to the approval by the shareholders at the forthcoming annual general meeting, the final dividend of 4.5 HK cents per share will be payable on or before Tuesday, 5 July 2016 to the shareholders whose names appear on the register of members of the Company at the closure day of register of members. The closure day for cash dividend will be disclosed in the notice of Annual General Meeting.

10 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issued during the year.

	2015	2014
Profit attributable to equity holders of the Company (HK$'000)	**1,205,597**	492,972
Adjusted weighted average number of shares in issue (thousands)	**6,506,413**	5,853,041
Basic earnings per share (HK cents)	**18.53**	8.42

(b) Diluted

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

	2015	2014
Profit attributable to equity holders of the Company (HK$'000)	1,205,597	492,972
Weighted average number of ordinary shares in issue (thousands)	6,506,413	5,853,041
Adjustments for share options (thousands)	453	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	6,506,866	5,853,041
Diluted earnings per share (HK cents)	18.53	8.42

11 Trade and other receivables

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**805,783**	350,777
Bills receivables	**47,842**	27,868
Trade and bills receivables	**853,625**	378,645
Prepayments	**431,856**	353,925
Deposits and other receivables	**90,860**	46,839
Other tax receivables	**637,857**	275,977
	2,014,198	1,055,386
Less: Non-current portion:		
Prepayments for property, plant and equipment, land use rights and operating leases	**(380,457)**	(294,989)
Current portion	**1,633,741**	760,397

The credit terms granted by the Group to its solar glass customers 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 payment terms of EPC contract is considered on a case-by-case basis and set out in the EPC contract.

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

	2015	2014
	HK$'000	*HK$'000*
0 to 90 days	**559,116**	349,247
91 days to 180 days	**137,572**	1,240
Over 180 days	**109,095**	290
	805,783	350,777

The maturity of the bills receivables is within 6 months.

The carrying amounts of trade and other receivables approximate their fair values.

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2015	2014
	HK$'000	*HK$'000*
RMB	**794,476**	310,890
US$	**58,387**	50,094
Other currencies	**762**	17,661
	853,625	378,645

12 Amount due from a joint venture

The amount due from a joint venture of HK$158,470,000 represents receivables from the joint venture for the construction contracts revenue from EPC services. The balance is with 90 days based on invoice date, and neither past due nor impaired (2014: Nil).

The amount approximates its fair value and is denominated in RMB.

13 Trade and other payables

	2015	2014
	HK$'000	*HK$'000*
Trade payables (Note (a))	**368,295**	171,020
Retention payables (Note (a))	**7,289**	—
Bills payables (Note (b))	**418,884**	344,815
Trade, retention and bills payables	**794,468**	515,835
Accruals and other payables (Note (c))	**1,361,931**	604,984
	2,156,399	1,120,819

Notes:

(a) The ageing analysis of the trade payables based on invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 90 days	**354,498**	163,502
91 days to 180 days	**12,762**	4,061
Over 180 days	**8,324**	3,457
	375,584	171,020

The carrying amounts of trade, retention and bills payables are denominated in RMB.

(b) The maturity of bills payables is within 6 months.

(c) Details of accruals and other payables are as follows:

	2015	2014
	HK$'000	*HK$'000*
Payables for property, plant and equipment	**1,082,333**	471,513
Accruals for employee benefits and welfare	**64,081**	46,503
Receipt in advance from customers	**36,267**	21,073
Payables for transportation costs and other operating expenses	**52,105**	15,560
Provision for value added tax and other taxes in the PRC	**48,142**	9,472
Payables for utilities	**26,619**	14,862
Others	**52,384**	26,001
	1,361,931	604,984

(d) The carrying amounts of trade and other payables approximate their fair values.

14 Bank borrowings

The bank borrowings are unsecured and repayable as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 1 year	**474,212**	142,857
Between 1 and 2 years	**1,704,727**	555,714
Between 2 and 5 years	**1,411,325**	601,429
	3,590,264	1,300,000
Less: Non-current portion	**(3,116,052)**	(1,157,143)
Current portion	**474,212**	142,857

15 Investment in a joint venture

	2015
	HK$'000
At 1 January	**—**
Capital injections	**212,488**
Currency translation differences	**(6,606)**
Elimination of unrealised profit	**(30,619)**
At 31 December	**175,263**

With the introduction of Shenzhen Ruihe Hengxing Technology Development Company Limited as a shareholder of Xinyi Solar (Lu'an) Company Limited ("Xinyi Solar (Lu'an)") in June 2015, the Company's shareholdings in Xinyi Solar (Lu'an) decreased from 100% to 50%. The Group lost control in Xinyi Solar (Lu'an) upon completion of this deemed disposal, but retained the power to exercise joint control over Xinyi Solar (Lu'an). Therefore, Xinyi Solar (Lu'an) is regarded as a joint venture of the Company and is accounted for using the equity method of accounting immediately following the completion of the deemed disposal of 50% equity interest. A gain on deemed disposal of a subsidiary amounting to HK$62,500,000 was recognised for the gain on contribution of a concession right to Xinyi Solar (Lu'an) to form a joint venture. Xinyi Solar (Lu'an) is engaged in the management and operation of solar farm in Lu'an, Anhui Province, the PRC.

16 Non-controlling interest

On 31 December 2015, the Group's equity interest in Xinyi Energy Holdings Limited ("**Xinyi Energy**") and its subsidiaries (collectively "Xinyi Energy Group") decreased from 100% to 75%. An aggregate of 1,580 new shares of Xinyi Energy, representing 25% of its enlarged share capital were subscribed by the existing major shareholders of the Company for a total cash consideration of HK$1,580,000,000 (the "Subscription"). Immediately following completion of the Subscription, the Company continues to hold, through its subsidiary, 4,740 Xinyi Energy's shares, representing 75% of the equity interests in Xinyi Energy. The Group recognised an increase in non-controlling interests of HK$1,146,365,000 and an increase in equity attributable to owners of the Company of HK$433,635,000 The effect of changes in the ownership interest of Xinyi Energy on the equity attributable to owners of the Company during the year is summarised as follows:

	2015
	HK$'000
Carrying amount of non-controlling interests disposed of	**1,146,365**
Consideration received from non-controlling interests	**(1,580,000)**
Gain on disposal within equity	**433,635**

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVEREVIEW

The global photovoltaic ("**PV**") installations continued to grow rapidly in 2015. This is primarily due to the public appreciation of solar power as a clean, low cost and efficient energy source. The solar power has become a significant part of the electricity supply for the future is increasingly recognised. Leveraging the economies of scale, its established customer base and the production expertise for PV glass, the Group continues to benefit from the accelerated demand for the downstream market in the year ended 31 December 2015. Driven by the significant sales volume growth and the higher profit margins as a result of improving production efficiency, the Group's solar glass business has recorded a satisfactory growth during the year. For the Group's downstream business, the installed capacity of solar farms and electricity generation income have also reported a significant growth compared to the performance in 2014.

In 2015, the Group successfully established an alternative financing channel for its solar farm development. The introduction of investors into Xinyi Energy Group — completed before the year end of 2015 — not only increased the equity base of the Group, but also provided additional financial resources to fund future growth of the solar farm business through additional fund-raising flexibility.

For the year ended 31 December 2015, the Group has recorded consolidated revenue of HK$4,750.4 million, representing an increase of 97.1% compared to the same period in 2014. Profit attributable to equity holders of the Company rose by 144.6%, to HK$1,205.6 million. Basic earnings per share were 18.53 HK cents for 2015 compared to 8.42 HK cents for 2014.

FINANCIAL REVIEW

Revenue

In 2015, the Group's revenue was mainly derived from: (i) sales of solar glass products, including ultra-clear photovoltaic raw glass ("**PV Raw Glass**"), ultra-clear photovoltaic processed glass, back glass and other glass ("**PV Processed Glass**"); (ii) solar power electricity generation; and (iii) engineering, procurement and construction ("**EPC**") services.

	Year Ended 31 December					
	2015		2014		**Increase/ (Decrease)**	
	HK$' million	***% of revenue***	*HK$' million*	*% of revenue*	*HK$' million*	*%*
Revenue						
Solar glass						
PV Raw Glass	**217.6**	**4.6**	237.2	9.8	(19.6)	-8.3
PV Processed Glass	**3,693.3**	**77.7**	2,142.2	88.9	1,551.1	72.4
	3,910.9	**82.3**	2,379.4	98.7	1,531.5	64.4
Solar farm						
Solar power electricity generation	**313.0**	**6.6**	30.6	1.3	282.4	922.9
EPC services	**526.5**	**11.1**	—	—	526.5	—
Total external revenue*	**4,750.4**	**100.0**	2,410.0	100.0	2,340.4	97.1

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

	Year Ended 31 December					
	2015		**2014**		**Increase/ (Decrease)**	
	HK$' million	***% of revenue***	*HK$' million*	*% of revenue*	*HK$' million*	*%*
Revenue — By geographical markets						
Solar glass						
The PRC	**3,209.8**	**82.1**	1,915.1	80.5	1,294.7	67.6
Other countries	**701.1**	**17.9**	464.3	19.5	236.8	51.0
	3,910.9	**100.0**	2,379.4	100.0	1,531.5	64.4

Note: The Group's revenue from solar power electricity generation and EPC service is derived from the PRC.

Driven by the increasing downstream demand, the solar glass market in the PRC recorded a strong growth in 2015. The demand for solar glass grew steadily during the first half in 2015, but the seasonal fluctuations caused temporary supply gluts and resulted in downward pressure on the selling prices of solar glass. This trend continued until the third quarter in 2015. Since then, the demand for solar glass has rebound much more quickly amid the installation rush in China before the end of 2015. With the level of industry supply remains unchanged, the prices for solar glass started to increase steadily towards the end of the year.

The Group's new production capacity installed in the second half of 2014 commenced full production at high efficiency for the full year in 2015, enabling the Group to capture the increasing demand and additional market share. Notwithstanding the decreases in the average selling prices of solar glass in 2015, the Group's revenue from solar glass sales increased substantially, primarily due to: (i) the increase in the sales volume of approximately 77.0% compared to 2014 and (ii) an enhancement in the product mix with focus on the PV Processed Glass which commands a higher average selling price than that of the PV Raw Glass.

In 2015, the PV Processed Glass remained the principal product of the Group, which contributed to 94.4% of the total revenue of the solar glass segment of the Group, amounting to HK$3,693.3 million and representing an increase of 72.4% compared to the amount of revenue in 2014.

In 2015, the Group's revenue from solar power electricity generation was contributed by the solar farms operated by the Group as follows:—

Location	**Installed capacity (MW)**	**Effective operating period in 2015**
1) Jinzhai, Lu'an, Anhui province	150	12 months
2) Sanshan, Wuhu, Anhui province	100	12 months
3) Nanping, Fujian province	30	9 months
4) Lixin County, Bozhou, Anhui province	40	3.5 months
5) Wuwei County, Wuhu, Anhui province	100	2 months
6) Hongan, Hubei province	50	2 months
7) Fanchang, Anhui province	40	0.5 month
8) Shou County, Lu'an, Anhui province	100	0.5 month
Total	610	

At the end of 2015, the Group has eight ground-mounted solar farms in operation, with a total grid-connected capacity of 610 megawatts ("**MW**"). Two of these solar farms, with an aggregate capacity of 250MW, have already commenced operation in 2014, while the remaining six solar farms, with an aggregate capacity of 360MW, were connected to the grid in 2015. A full-year contribution for these newly-completed solar farms has yet to be fully reflected in 2015. Even so, the revenue from this segment, including the sales of electricity and the tariff adjustments, increased significantly by HK$282.4 million to HK$313.0 million in 2015.

In 2015, the Group recorded an EPC service income of HK$526.5 million, including: (i) HK$316.3 million from the installation of distributed generation solar farms on the roof-tops of individual households in Auhui province; (ii) HK$208.5 million for the construction of a 100MW ground-mounted solar farm project owned as to 50% by the Group; and (iii) HK$1.7 million for other miscellaneous projects. Limited capacity of power transmission network in the household areas restricted the installation of additional distributed generation solar farms on the roof-tops of individual households and the related EPC work, shifting the emphasis of the Group's EPC service to the commercial ground-mounted projects in the second half of 2015.

EPC service is considered by the Group as a supplementary business and an additional source of revenue, through which the Group intends to prepare itself for the future growth of the distributed generation PV installation in China. Currently, the development focus of the Group is still on the utility scale ground-mounted solar farms, but not EPC service.

Gross profit

The Group's gross profit increased by HK$949.4 million, or 124.8%, from HK$760.9 million in 2014 to HK$1,710.3 million in 2015. The significant increase in the amount of the gross profit was mainly due to the rise in the sales volume of solar glass and the increase in the revenue contributions from the solar farm business. The overall gross margin increased to 36.0% (2014: 31.6%), and the increase was primarily due to: (i) improvement in cost efficiencies of the solar glass business; and (ii) increased contributions from the solar power electricity generation business, with higher gross margins than that of the solar glass business.

Following the decline in the first three quarters and the rebound in the last quarter, the average selling prices of the PV Raw Glass and the PV Processed Glass were lower in 2015 than those for 2014. Nevertheless, the gross margin of the Group's solar glass segment still recorded an increase of 4.0% to 34.9% (2014: 30.9%) primarily due to the benefit of the economies of scale as a result of capacity expansion and improved production processes.

The amount of the gross profit from solar power electricity generation also showed significant growth in 2015. With the increasing installed capacity and the additional solar farms commencing commercial operation, this segment recorded the amount of gross profit of HK$229.8 million and a gross margin of 73.4% and accounted for 13.4% of the Group's total amount of the gross profit during the year. This helped to boost the overall gross margin of the Group in 2015.

Other income

In 2015, the Group's other income increased by HK$55.3 million to HK$142.7 million compared with other income of HK$87.4 million in 2014. The increase was principally due to: (i) the additional government grants received by the Group as a reward for its commitment to solar energy development and product innovation; and (ii) the tariff adjustments in relation to the electricity generated by the distributed generation solar power system installed on the roof-top at the Group's production complex.

Other gains/(losses), net

The Group recorded other gains, net of HK$61.6 million in 2015 and other losses, net of HK$13.0 million in 2014. For the joint venture project of a 100MW solar farm in Jinzhai, Anhui province, the Group recognised a gain on deemed disposal of 50% equity interest in Xinyi Solar (Lu'an), amounting to HK$62.5 million, upon the cessation of Xinyi Solar (Lu'an) as a subsidiary of the Group during the year under review.

Selling and marketing expenses

The Group's selling and marketing expenses increased from HK$98.5 million in 2014 to HK$186.5 million in 2015. The increase was primarily due to a higher sales volume and export sales of solar glass to the North America market. The Group's selling and marketing expenses to revenue ratio decreased from 4.1% in 2014 to 3.9% in 2015 because the solar power electricity generation and EPC service businesses incurred fewer selling and marketing expenses than the solar glass business.

Administrative and other operating expenses

The Group's administrative and other operating expenses increased by HK$157.4 million, or 98.3% from HK$160.1 million in 2014 to HK$317.6 million in 2015. The increase was mainly due to business expansion and primarily attributable to the increase in: (i) research and development expenditures of approximately HK$90.7 million; (ii) land use tax, property levy and business tax of approximately HK$18.8 million; (iii) staff cost and benefits of approximately HK$10.4 million; and (iv) bank charges of HK$8.3 million. The Group's administrative and other operating expenses to revenue ratio remained at roughly the same level during the period under review, amounting to 6.7% (2014: 6.6%).

Finance costs

The Group's finance costs increased from HK$7.4 million (or HK$7.4 million before capitalisation) in 2014 to HK$21.1 million (or HK$48.8 million before capitalisation) in 2015. The increase was mainly due to new bank borrowings made by the Group to finance the capital expenditures for its solar farm projects in China and solar glass production plant in Malaysia. During the year under review, interest expense of HK$27.7 million (2014: Nil) was capitalised into the construction in progress of different solar farms and would be depreciated together with related assets when the solar farms and ready for use for electricity generation.

Income tax expense

The Group's income tax expense increased from HK$78.7 million in 2014 to HK$188.4 million in 2015. The percentage increase was much lower than the percentage increase in profit before income tax because the Group's profits from solar power electricity generation are fully exempt from corporate income tax for three years starting from the solar farm's first year of profitable operations, followed by a 50% reduction in corporate income tax in the following three years. The effective tax rates were 13.5% for 2015 and 13.8% for 2014.

EBITDA and net profit

In 2015, the Company's EBITDA (earnings before interest, taxation, depreciation and amortisation) was HK$1,640.7 million, representing an increase of 143.6% as compared with HK$673.6 million in 2014. The Company's EBITDA margin (calculated based on turnover) was 34.5% in 2015 as compared with 27.9% in 2014.

Net profit attributable to equity holders of the Company in 2015 was HK$1,205.6 million, representing an increase of 144.6%, as compared with HK$493.0 million in 2014. Net profit margin increased to 25.4% in 2015 from 20.5% in 2014, principally due to: (i) the higher margin of the solar power electricity generation business; and (ii) continued improvement in the production and operational efficiency of the Group's solar glass business.

FINANCIAL RESOURCES AND LIQUIDITY

The Group continued to benefit from high liquidity and remained in a strong financial position for the year ended 31 December 2015. During the year, the total assets of the Group increased by 120.9% to HK$12,734.6 million and shareholders' equity increased by 73.78% to HK$5,745.0 million. The Group's current ratio as at 31 December 2015 was 1.8, compared with 1.2 as at 31 December 2014. The increase was mainly due to the increase in cash and cash equivalents generated from equity investment from investors, bank borrowings and the Group's business operations.

For the year ended 31 December 2015, the Group's primary source of funding included cash generated from its operating activities, share issuance, equity investment to the solar farm business of the Group by the controlling shareholders of the Company and the banking facilities. Net cash inflow from operating activities amounted to HK$851.1 million (2014: HK$715.0 million). The increase was primarily attributable to the increase in operating cash inflow as a result of the expansion in the Group's solar glass business. Net cash used for investing activities amounted to HK$3,612.9 million (2014: HK$2,328.0 million). The significant increase was primarily due to capital expenditures incurred for the solar farm projects. The Group's installed capacity of solar farm substantially increased in 2015. Net cash generated from financing activities amounted to HK$5,110.5 million (2014: HK$1,878.3 million). During the year, the Group secured new bank borrowings of HK$2,861.7 million, repaid bank borrowings of HK$571.4 million and raised net proceeds of HK$1,674.5 million by way of new issue of shares and HK$1,580.0 million by equity investment from investors. Net proceeds from the new issue of shares were used in full for the capital expenditure of solar farm projects, the solar glass production plant in Malaysia and general working capital of the Group.

The Group's net debt gearing ratio as at 31 December 2015 was 19.9% (31 December 2014: 33.3%). This ratio is based on bank borrowings and bills payable less cash and bank balances divided by the shareholders' equity of the Group. The gearing level of the Group decreased in 2015, primarily due to equity financing through: (i) the placement of shares made in March and October 2015, which raised net proceeds of HK$1,137.0 million and HK$537.5 million respectively and (ii) the equity investment of HK$1,580.0 million to the solar farm business of the Group by the controlling shareholders of the Company by the end of 2015.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of approximately HK$3,582.9 million for year ended 31 December 2015 which was mainly related to the development and construction of solar farm projects in China and a new solar glass production complex in Malaysia.

Capital commitments contracted for but not incurred by the Group as of 31 December 2015 amounted to approximately HK$2,410.8 million, which were mainly related to the development and construction of solar farm projects in China, a new solar glass production complex in Malaysia and two 1,000-tone/day solar glass production lines in China.

PLEDGE OF ASSETS

No assets of the Group were pledged as security for bank borrowings as of 31 December 2015 and 2014.

CONTINGENT LIABILITIES

As of 31 December 2015 and 2014, the Group did not have any significant contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Except for the deemed disposal of (a) 50.0% of the Group's equity interest in Xinyi Solar (Lu'an) and (b) 25% equity interest in Xinyi Energy Group, there was no material acquisition and disposal of subsidiaries and associated companies during the year ended 31 December 2015. Additional information is set forth in notes 15 and 16 to the consolidated financial statements of the Company.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group mainly operates in China with most of the 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.

Amid the recent depreciation of RMB against HKD and USD, the Group reported non-cash translation losses — a reduction in the reserve of its consolidated balance sheet — when converting RMB-denominated assets into HKD at 31 December 2015. For the Group's solar farm business, the revenue from solar power electricity generation is denominated in RMB while the bank borrowings are mostly denominated in HKD, the Group would strike a balance to minimise the risk of currency mismatch between the source of revenue with bank borrowings and the advantage of the lower borrowing rates of HKD as compared to those of the RMB.

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 year ended 31 December 2015, the Group did not use any financial instrument for hedging purpose.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had about 2,780 full-time employees, with the majority based in China. The total staff costs, including the emoluments of the Directors, amounted to approximately HK$199.6 million for the year ended 31 December 2015.

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 and are reviewed on a regular basis. Discretionary bonuses may be provided to selected employees taking into consideration the Group's performance and the performance of the individual employee.

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

SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company in June 2014, 5,087,500 share options were granted to selected employees and an executive director in May 2015. The validity period of the options is from 12 May 2015 to 31 March 2019. One third of the options will vest on each of the year-end date of 2015, 2016 and 2017 if each grantee has met the conditions of vesting as stated in the letter of grant.

FINAL DIVIDEND

The Company paid an interim dividend of 4.20 HK cents per share for the year ended 31 December 2015. At the meeting of the board of Directors held on 15 March 2016, the Directors proposed a final cash dividend of 4.5 HK cents per share for 2015.

BUSINESS REVIEW

Although the global macro-economic conditions have changed dramatically in the last quarter, the Group achieved satisfactory results in 2015 by capitalising the benefits from the economies of scale, improved cost control and greater production efficiencies. Solar glass shipment volume increased to new record level, whilst the solar farm installations also rapidly increased, further strengthening the Group's leading position in the industry.

With timely expansion of the solar glass production capacity — adding two 900-tonnes/day ultra-clear PV raw glass production lines in the second half of 2014 and an upgrade of a 500-tonnes/day PV raw glass production line to 600-tonnes/day in 2015, the Group managed to capture the continuous growth in the global PV market and increase market share in the solar glass business.

RISING DEMAND IN MAJOR PV MARKETS

Diversifying the energy mix with a higher percentage of solar energy remained the driving force for the growth of the global PV market. In 2015, the leading drivers of growth continued to be China, Japan and the United States ("**US**"), which are the same as in 2014. Nevertheless, other countries and some emerging markets also showed significant increase in the installation levels.

The global macro-economic conditions changed dramatically in the last quarter of 2015. Those changes, however, did not have any material adverse impact on the solar market. China still has a strong installation trend in the second half of the year. Favourable feed-in tariff policies, albeit that they were less favourable than before, sustained the upward trend of the PV investment in Japan. The PV addition levels in the US stood high amid the extension of 30% solar investment tax credit to the end of 2019. With continued expansion of the downstream application market, the upstream solar glass market is expected to expand as well.

STRONG CONTINUED GROWTH IN CHINA PV MARKET

The PV installation in China remained strong and set a new record in 2015. According to the National Energy Administration ("**NEA**"), the new PV capacity of 15.13 gigawatt ("**GW**") was commissioned in 2015, which accounted for more than a quarter of the total global newly installed capacity in 2015.

China is committed to the increasing use of renewable energy as a way of tackling its air pollution issues. In the past few years, its PV development has been supported by a favourable feed-in tariff program and aggressive annual installation targets.

Delay in the subsidy payments and grid curtailment in some provinces were two major challenges to China's PV development in 2015. To encourage innovative development and shift towards the intelligent production, the China National Development and Reform Commission ("**NDRC**") announced in late 2015 a solar feed-in-tariff cut by RMB0.1/kWh for zone 1, RMB0.07/kWh for zone 2 and RMB0.02/kWh for zone 3 from 1 January 2016 for newly approved projects. The cuts in feed-in tariff also raised market concerns. However, with the declining component costs through technology advancement and efficiency improvement, the attractiveness of solar farm projects and the growth momentum of the PV market remained strong.

CAPACITY EXPANSION, QUALITY ENHANCEMENT AND EFFICIENCY IMPROVEMENT

As a leading manufacturer in the global solar glass market, the Group is committed to enhance its product quality and competitiveness on an ongoing basis. During the year, the Group upgraded a 500-tonnes/day PV Raw Glass production line, which has resumed operation in October 2015 with a daily melting capacity increased to 600 tonnes/day. To further improve its operational efficiency and competitive edge, the Group has implemented different measures by improving the manufacturing technologies and the production process, streamlining the operational procedures and refining and strengthening the procurement and logistics functions so as to increase the productivity and the production yields.

Leveraging the cost savings resulting from the technological breakthrough of using glass melting furnaces with a 900-tonnes/day capacity, the Group plans to reinforce its leading position by expanding the production capacity at different strategic locations. Currently, the Group's expansion plan includes: (i) a 900-tonnes/day solar glass production line in Malaysia and (ii) two 1,000-tonnes/day solar glass production lines in Anhui province, the PRC. The Group is in a position to continue to take advantage of the economies of scale to reduce the manufacturing costs of its glass products and achieve efficiency growth rates which are generally higher than the market average.

PRODUCT DEVELOPMENT AND CHANGE IN PRODUCT MIX

The Group is ahead of its competitors in promoting the use of back glass as the back sheet of solar modules. The design of double glass module offers not only much higher reliability and longer life, but also cost savings by eliminating the aluminum frame used in the conventional modules. Sales of back glass, though not a significant amount compared to the Group's total sales of solar glass, showed a significant growth in 2015. The Group will continue to explore business opportunities arising from the increasing use of back glass.

Given the higher average selling prices and the high profit margin of the ultra-clear PV Processed Glass over the PV Raw Glass, the Group continues to adjust its marketing strategy, focusing on the PV Processed Glass. In 2015, the sales of the PV Processed Glass contributed 94.4% of the total amount of the revenue of the Group's solar glass business compared with 90.0% in 2014.

ACCELERATING SOLAR FARM DEVELOPMENT — A KEY GROWTH DRIVER

In 2015, the Group has substantially increased its investment in solar farms at different locations in China. This not only provides a sustainable investment return in the long run, but also offers complementary advantages in promoting the sales of the Group's solar glass products. The Group has connected solar farms of 360 MW to the grid in 2015 and 250 MW in 2014, raising its total grid-connected capacity to 610MW. Because of certain delays in grid connection, the solar farm projects of 150MW and a jointly-owned 100MW solar farm (owned as to 50% by the Group) commenced operation in January 2016 and another 174 MW are still under development and expected to commence operation in March 2016.

The Group has always upheld the principle of persistent innovation to enhance the efficiency of electricity generation and the economic benefits of its solar farms. A double glass module — with higher durability and lower efficiency loss — has been used by the Group in its newly built solar farms. In addition, the Group has continued its efforts in exploring various different technologies and designs, such as solar-powered greenhouses, rotating platforms and solar tracking systems for solar panels and floating PV systems on water surface so as to strengthen its long-term development capability.

Given the increasing support for distributed generation ("**DG**") from the PRC government and its improving economics, DG may experience a high penetration growth over the years to come. During 2015, the Group provided EPC services to its customers in several commercial and residential DG projects. The main purpose for implementing these EPC projects was to gain further understanding on the market potential and readiness, instead of developing it as a core business of the Group. The Group plans to participate in additional number of EPC projects, particularly poverty alleviation programs. However, the development priority for the coming years will continue to focus on the utility scale ground-mounted solar projects.

ALTERNATIVE EQUITY FINANCING CHANNEL AND UNLOCKING THE VALUE OF SOLAR FARMS

Since the listing on the Main Board in December 2013, the Group has been primarily relying on two financing sources to develop the solar farm business, namely (i) bank borrowings and (ii) new issue of shares by the Company. However, additional bank borrowings will be limited by the Group's capacity to incur additional indebtedness and new issue of shares may dilute the shareholding of the Company's existing shareholders. The establishment of the Xinyi Energy Group can provide an alternative equity-financing channel that would not result in a continuous or immediate dilution to shareholding percentages of the existing shareholders of the Company. Through the disposal of some of its equity interest in the solar farm projects, the Group can unlock the value of the solar farms and increase its equity base.

BUSINESS OUTLOOK

Given the economic setbacks, falling oil and commodity prices and financial volatility, both the PRC and international business environments remain uncertain and the economic development will continue to face many difficulties and challenges. However, due to the decreases in the cost of solar equipment and the installation costs, as well as favourable policies by different governments, the global PV market continue to grow in the years to come, helping to drive the demand for solar glass products.

The Group believes that its expertise and technical know-how in manufacturing solar glass, as well as its strong customer base, continues to differentiate it as a leading supplier of different types of high-quality solar glass products, enabling the Group to be well positioned to take advantage of the growth opportunities. Thus the Group will continue to expand its solar glass production capacity. The economies of scale enable the Group to stay ahead of its competitors and operate more cost effectively. Currently, there are three new solar glass production lines under construction. A 900-tonnes/day solar glass production line in Malaysia and a 1,000-tonnes/day solar glass production line in Anhui province, the PRC are expected to commence operation in the fourth quarter of 2016. Another 1,000-tonnes/day solar glass production line in Anhui province, the PRC is expected to commence its commercial operation in the first quarter of 2017.

China is undergoing energy reform so as to reduce its dependence on coal and fossil fuels. In 2015, it added 15.13GW of new PV installations, representing more than 40% growth over 2014. According to the consultation paper "*Solar Power Development in the 13th Five-Year Plan (2016 to 2020)*" released by NEA in late December 2015, the installation target as at end-2020 will be 150GW. Meeting the target would require an average annual new installation of about 21GW over the next five years, implying a high growth potential for the solar sector.

The cuts in solar feed-in-tariff for the newly approved projects in 2016 announced by NDRC in late 2015 would force the enterprises to reduce the cost through greater innovation and efficiency. This will result in consolidation in the value chain, following which the leading companies with strong innovation capabilities and higher efficiency would continue to expand and the less efficient companies would be phased out.

As a result of its constant efforts over the past few years, the Group has made substantial progress and laid a solid foundation for its long-term development in the downstream solar farm business, paving the way for its sustainable growth in the highly competitive fast-changing operating environment. By the end of first quarter of 2016, the Group is expected to have an installed solar farm capacity of 934MW and a 100MW joint venture project owned as to 50% by the Group generating electricity and connected to the grid driving its long-term performance. On top of this the Group currently targets to install about 700MW in 2016. The Group plans to continue to leverage its superior project execution capabilities and diversified funding channels to enhance the return on its solar farm projects and to improve its overall competitiveness.

Notwithstanding the global economic uncertainties and different challenges faced by the solar industry, the Group will continue to drive the parallel development of its solar glass and solar farm businesses. Looking ahead, the Group will step up its effort to strengthen cost controls and improve efficiencies, invest in product innovation and development, exploit new market opportunities and enhance its financial position to seize the vast opportunities in the upcoming surge of PV deployment.

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 Code on Corporate Governance Practices (the "**Code**") as set forth in Appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the year ended 31 December 2015.

AUDIT COMMITTEE OF THE BOARD

The Company has established an audit committee, comprising three independent non-executive Directors. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to provide comments and advice to the Board. The audit committee has reviewed the audited consolidated financial statements of the Group in 2015.

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 in 2015.

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

The Company allotted and issued 500,000,000 shares in March 2015 and 168,800,000 shares in October 2015 by way of placement and raised net proceeds of approximately HK$1,137.0 million and HK$537.5 million. The proceeds from these share placements were used in full for the capital expenditure on the Group's solar farm projects and new solar glass production lines.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year ended 31 December 2015.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained sufficient public float with at least 25% of the shares held by the public as required under the Listing Rules.

PUBLICATION OF FINAL RESULTS

This announcement is published on the websites of the Stock Exchange and the Company. The annual report of the Company for the year ended 31 December 2015 containing all the information required by Appendix 16 to the Listing Rules and other applicable laws and regulations will be dispatched to the shareholders and published on the websites of the Stock Exchange and the Company in due course.

FIGURES IN PRELIMINARY ANNOUNCEMENT AGREED BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditor, PricewaterhouseCoopers Hong Kong ("**PwC HK**"), to the amounts set forth in the Group's audited consolidated financial statements for the year. The work performed by PwC HK in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC HK on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on or before 30 June 2016. A notice convening the Annual General Meeting will be published on the websites of the Stock Exchange and the Company and dispatched to the shareholders on or about 30 April 2016.

On behalf of the Board
Xinyi Solar Holdings Limited
Datuk LEE Yin Yee, B.S.S.
Chairman

Hong Kong, 15 March 2016

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