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If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Xinyi Solar Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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)

DISCLOSEABLE AND CONNECTED TRANSACTION

EQUITY INVESTMENT IN XINYI ENERGY BY THE INVESTORS

DEEMED DISPOSAL OF EQUITY INTEREST IN XINYI ENERGY

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Quam CAPITAL 華富嘉洛企業融資

A letter from the Board is set out on pages 6 to 20 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 21 to 22 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 41 of this circular.

A notice convening an Extraordinary General Meeting ("**EGM**") of Xinyi Solar Holdings Limited to be held at 3/F, Harbour View 2, 16 Science Park East Avenue, Hong Kong Science Park Phase 2, Pak Shek Kok, Tai Po, N.T., Hong Kong on Monday, 7 December 2015 at 10:00 a.m. is set out on pages 48 to 49 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk.

Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. **Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.**

7 November 2015

TABLE OF CONTENTS

Page

DEFINITIONS 1

LETTER FROM THE BOARD 6

LETTER FROM THE INDEPENDENT BOARD COMMITTEE 21

LETTER FROM QUAM 23

APPENDIX I — GENERAL INFORMATION 42

NOTICE OF EGM 48

In this circular, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

"**Additional Issue**"	the proposed additional issue of Xinyi Energy Shares pursuant to the additional capital commitment up to HK$3,000 million in aggregate in additional to the Equity Investment to be provided by the Company and each of the Investors (and/or their respective nominees) pursuant to the Investment Agreement;
"**associate(s)**"	has the meaning ascribed to it under the Listing Rules;
"**Board**"	the board of Directors of the Company;
"**BVI**"	the British Virgin Islands;
"**Charm Dazzle**"	Charm Dazzle Limited, a company incorporated in the BVI on 1 June 2015 and owned by Mr. LEE Yin Yee, B.B.S., being one of the Investors;
"**Copark**"	Copark Investment Limited, a Shareholder and a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Sai;
"**Company**"	Xinyi Solar Holdings Limited 信義光能控股有限公司, a company incorporated in the Cayman Islands with limited liability with the shares listed on the Main Board (stock code: 00968);
"**Completion**"	completion of the Equity Investment;
"**connected person**"	has the meaning ascribed to it under the Listing Rules;
"**Day Dimension**"	Day Dimension Investments Limited, a company incorporated in the BVI on 2 June 2015 and owned by Mr. SZE Nang Sze, being one of the Investors;
"**Deemed Disposal**"	the deemed disposal of 25.0% of the Xinyi Energy Shares in issue to the Investors pursuant to the terms and subject to the conditions set out in the Investment Agreement;
"**Directors**"	the directors of the Company;
"**Equity Investment**"	the subscription for new Xinyi Energy Shares by the Investors, representing 25.0% of the enlarged number of Xinyi Energy Shares in issue, pursuant to the terms and conditions of the Investment Agreement;

"**EGM**"	the extraordinary general meeting to be convened by the Company for consideration and if appropriate, approval of, amongst other things, the transactions contemplated under the Investment Agreement;
"**Far High**"	Far High Investments Limited, a company incorporated in the BVI on 28 May 2015 and owned by Mr. NG Ngan Ho, being one of the Investors;
"**Full Guang**"	Full Guang Holdings Limited, a Shareholder and a company incorporated in the BVI with limited liability. Full Guang Holdings Limited is owned by Mr. LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 12.50%, Mr. TUNG Ching Sai as to 19.91%, Mr. LEE Sing Din 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%;
"**Goldbo**"	Goldbo International Limited, a Shareholder and a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai;
"**Goldpine**"	Goldpine Limited, a Shareholder and a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze;
"**Group**"	the Company and its subsidiaries;
"**GW**"	Gigawatt, one billion watts, an unit of electricity;
"**Heng Zhuo**"	Heng Zhuo Limited, a company incorporated in the BVI on 12 January 2015 and owned by Mr. LI Ching Leung, being one of the Investors;
"**Herosmart**"	Herosmart Holdings Limited, a Shareholder and a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung;
"**High Park**"	High Park Technology Limited, a shareholder and a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor;
"**HK$**"	Hong Kong dollars, the lawful currency of Hong Kong
"**Hong Kong**"	The Hong Kong Special Administrative Region of the PRC;

"**Independent Board Committee**"	a committee of the Board established with all independent non-executive Directors, namely Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin, as members;
"**Independent Shareholders**"	Shareholders other than the Shareholders who are owned by the beneficial owners of any of the Investors or those Shareholders who are otherwise interested or involved in the Equity Investment and/or the Additional Issue or are required to abstain from voting on the resolution to approve the transactions contemplated under the Investment Agreement;
"**Investment Agreement**"	the Equity Investment Agreement dated 18 October 2015 entered into among Xinyi Energy, the Company and the Investors;
"**Investors**"	Charm Dazzle, Xu Feng, Sharp Elite, Precious Smart, Will Sail, Yuanyi, Heng Zhuo, Far High and Day Dimension, and each of them being an "**Investor**";
"**kWh**"	kilowatt-hour, a standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour;
"**Latest Practicable Date**"	5 November 2015, being the latest practicable date prior to printing of this circular for ascertaining certain information contained herein;
"**Linkall**"	Linkall Investment Limited, a Shareholder and a company incorporated in the BVI with limited liability and wholly-owned by Mr. NG Ngan Ho;
"**Listing Rules**"	The Rules Governing the Listing of Securities on the Stock Exchange;
"**Main Board**"	the main board of the Stock Exchange;
"**MW**"	megawatt, one million watts, an unit of electricity;
"**Perfect All**"	Prefect All Investments Limited, a Shareholder and a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Man Yin;
"**Placing Announcement**"	the announcement jointly issued by the Company and Xinyi Glass in respect of the placing and top-up subscription of 168,800,000 Shares dated 27 October 2015;

"**PRC**"	The People's Republic of China and for the purpose of this circular, excluding Hong Kong, The Macau Special Administrative Region of the People's Republic of China and Taiwan;
"**Precious Smart**"	Precious Smart Limited, a company incorporated in the BVI on 28 May 2015 and owned by Mr. LEE Sing Din, being one of the Investors;
"**Quam**" or "**Independent Financial Adviser**"	Quam Capital Limited, a corporation licensed by the Securities and Futures Commission to carry on type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee in respect of the Equity Investment, the Additional Issue and other transactions contemplated under the Investment Agreement;
"**Realbest**"	Realbest Investment Limited, a Shareholder and a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Yin Yee, B.B.S.;
"**RMB**"	Renminbi, the lawful currency of the PRC;
"**SFO**"	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
"**Shareholder(s)**"	the shareholder(s) of the Company;
"**Sharp Elite**"	Sharp Elite Holdings Limited, a company incorporated in the BVI on 29 May 2015 and owned by Mr. TUNG Ching Sai, being one of the Investors;
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited;
"**substantial shareholders**"	has the meaning ascribed thereto under the Listing Rules;
"**subsidiary**"	has the meaning ascribed to it under the Listing Rules;
"**Telerich**"	Telerich Investment Limited, a Shareholder and a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din;
"**Will Sail**"	Will Sail Limited, a company incorporated in the BVI on 21 May 2015 and owned by Mr. LI Man Yin, being one of the Investors;

"**Unaudited Management Accounts**"	the unaudited income statement for the year ended 31 December 2014 and the six months ended 30 June 2015 and the statement of financial position as of 30 June 2015;
"**Undertaking**"	the undertaking executed by Xinyi Energy in favour of the Company dated 18 October 2015, in relation to its business operation;
"**Xinyi Energy**"	Xinyi Energy Holdings Limited, a company incorporated in the BVI on 26 June 2015 and a wholly-owned subsidiary of Xinyi Power prior to Completion and will become a non-wholly owned subsidiary of Xinyi Power immediately after Completion, which will be owned as to 75.0% by Xinyi Power and 25.0% by the Investors in aggregate;
"**Xinyi Energy Group**"	Xinyi Energy and its subsidiaries;
"**Xinyi Energy Shares**"	the ordinary shares of US$1.0 each in the share capital of Xinyi Energy;
"**Xinyi Glass**"	Xinyi Glass Holdings Limited 信義玻璃控股有限公司, a Shareholder and a company incorporated in the Cayman Islands with limited liability with the shares listed on the Main Board (stock code: 00868);
"**Xinyi Glass (HK)**"	Xinyi Group (Glass) Company Limited 信義集團(玻璃)有限公司, a company incorporated in Hong Kong with limited liability on 2 June 1989, a wholly-owned subsidiary of Xinyi Glass, a substantial shareholder of the Company;
"**Xinyi Power**"	Xinyi Power (BVI) Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company;
"**Xinyi Solar (HK)**"	Xinyi Solar (Hong Kong) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
"**Xu Feng**"	Xu Feng Limited, a company incorporated in the BVI on 16 February 2015 and owned by Mr. TUNG Ching Bor, being one of the Investors; and
"**Yuanyi**"	Yuanyi Limited, a company incorporated in the BVI on 22 May 2015 and owned by Mr. LI Ching Wai, being one of the Investors.

Unless the context requires otherwise, translations of RMB into HK$ in this circular are based on the rate of HK$1.0 = RMB0.82. No representation is made that any amount in RMB and HK$ can be or could have been converted at the relevant dates at this rate or any other rates at all.

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)

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

Non-executive Directors:
Mr. LEE Yin Yee, B.B.S. *(Chairman)*
Mr. LEE Shing Put

Independent Non-executive Directors:
Mr. CHENG Kwok Kin, Paul
Mr. LO Wan Sing, Vincent
Mr. KAN E-ting, Martin

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

Head office and principal place of business in the PRC:
Xinyi PV Glass Industrial Zone
2 Xinyi Road
Wuhu Economic and Technology Development Zone
Wuhu City, Anhui Province, China

Head office and principal place of business:
3/F, Harbour View 2
16 Science Park East Avenue
Hong Kong Science Park Phase 2
Pak Shek Kok, Tai Po, N.T.
Hong Kong

7 November 2015

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

EQUITY INVESTMENT IN XINYI ENERGY BY THE INVESTORS

DEEMED DISPOSAL OF EQUITY INTEREST IN XINYI ENERGY

INTRODUCTION

Reference is made to the Company's announcement dated 18 October 2015.

On 18 October 2015, Xinyi Energy, the Company and the Investors entered into the Investment Agreement, pursuant to which Xinyi Energy has agreed to allot and issue, and each of the Investors has agreed severally, but not jointly and severally, to subscribe for 1,580 new Xinyi Energy Shares in aggregate, representing 25.0% of the enlarged number of Xinyi Energy Shares immediately after Completion. Xinyi Energy Group is the platform for the management and operation of solar farm projects in the Group. As of the Latest Practicable Date, Xinyi Energy Group operates four solar farms in the PRC with the aggregate installed capacity of 320 MW and has six solar farms in the PRC with the aggregate installed capacity of 614 MW under construction. The Directors anticipate that the aggregate installed capacity of the solar farms to be completed and operated by Xinyi Energy Group would reach 934 MW by the end of 2015.

As of the Latest Practicable Date, Xinyi Energy is a wholly-owned subsidiary of the Company through Xinyi Power. Immediately after Completion, the shareholding of the Company in Xinyi Energy will decrease to 75.0% of the enlarged number of Xinyi Energy Shares and that Xinyi Energy will become a non-wholly owned subsidiary of the Company. As such, the Equity Investment will constitute a transaction of deemed disposal by the Company of its equity interests in Xinyi Energy under Chapter 14 of the Listing Rules.

Each of the Investors is a connected person of the Company by virtue of it being an associate of either a substantial shareholder of the Company or a Director. Accordingly, the Equity Investment and the Additional Issue constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The applicable percentage ratios in respect of the Equity Investment and the Additional Issue in aggregate are more than five per cent but less than 25.0%. The Equity Investment and the Additional Issue in aggregate constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction for the Company under Chapter 14A of the Listing Rules. The Equity Investment and the Additional Issue will be subject to the notification, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The purpose of this circular is to provide you with further information regarding, among other things, (i) further details of the Investment Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from Quam to the Independent Board Committee and the Independent Shareholders; (iv) the notice of the EGM, and (v) other information as required by the Listing Rules.

INVESTMENT AGREEMENT

Investment Agreement

The arrangements for the Equity Investment and the Additional Issue are set forth in the Investment Agreement. The following sets forth a summary of the principal terms of the Investment Agreement:

Date: 18 October 2015

Parties:

(a) Xinyi Energy as the issuer;

(b) the Company as the existing sole shareholder of Xinyi Energy; and

(c) Charm Dazzle, Xu Feng, Sharp Elite, Precious Smart, Will Sail, Yuanyi, Heng Zhuo, Far High and Day Dimension, each as an Investor. All Investors are companies engaged in the investment holding business.

Charm Dazzle is wholly-owned by Mr. LEE Yin Yee, B.B.S., a non-executive Director and a director of Xinyi Glass.

Xu Feng is wholly-owned by Mr. TUNG Ching Bor, the brother-in-law of Mr. LEE Yin Yee, B.B.S., a non-executive Director and a director of Xinyi Glass, and the elder brother of Mr. TUNG Ching Sai, an executive Director.

Sharp Elite is wholly-owned by Mr. TUNG Ching Sai, an executive Director and a director of Xinyi Glass.

Precious Smart is wholly-owned by Mr. LEE Sing Din, the father of Mr. LEE Yau Ching, an executive Director.

Will Sail is wholly-owned by Mr. LI Man Yin, an executive Director.

Yuanyi is a wholly-owned by Mr. LI Ching Wai, a director of Xinyi Glass.

Heng Zhuo is a wholly-owned by Mr. LI Ching Leung, a director of Xinyi Glass.

Far High is wholly-owned by Mr. NG Ngan Ho, a director of Xinyi Glass.

Day Dimension is wholly-owned by Mr. SZE Nang Sze, a director of Xinyi Glass.

Subscription:

Pursuant to the Investment Agreement, Xinyi Energy has agreed to allot and issue, and each of Charm Dazzle, Xu Feng, Sharp Elite, Precious Smart, Will Sail, Yuanyi, Heng Zhuo, Far High and Day Dimension has agreed severally, but not jointly and severally, to subscribe for 610, 250, 250, 150, 60, 60, 60, 60 and 80 new Xinyi Energy Shares respectively. Immediately after Completion, Charm Dazzle, Xu Feng, Sharp Elite, Precious Smart, Will Sail, Yuanyi, Heng Zhuo, Far High and Day Dimension will hold 9.65%, 3.96%, 3.96%, 2.37%, 0.95%, 0.95%, 0.95%, 0.95% and 1.26% of the enlarged number of Xinyi Energy Shares respectively.

The aggregate shareholding percentage of the Investors will be 25.0% of the enlarged number of Xinyi Energy Shares in issue immediately after Completion.

Amount of the Equity Investment:

The total amount payable by the Investors will be HK$1,580 million. The aggregate amount shall be payable by Charm Dazzle, Xu Feng, Sharp Elite, Precious Smart, Will Sail, Yuanyi, Heng Zhuo, Far High and Day Dimension as to HK$610 million, HK$250 million, HK$250 million, HK$150 million, HK$60 million, HK$60 million, HK$60 million, HK$60 million and HK$80 million, respectively. The aggregate amount shall be settled by the Investors in cash on Completion.

The amount of the Equity Investment has been arrived at after arm's length negotiations among the parties to the Investment Agreement.

Additional capital commitment:

The Company and each of the Investors have agreed that they would provide or to procure their respective nominees to provide additional equity investment to Xinyi Energy up to HK$3,000 million in aggregate on a pro rata basis within one year from the date of Completion or such other period of time as required by Xinyi Energy depending on its business development. This additional capital commitment would be used for the existing solar farm projects of Xinyi Energy Group as of 18 October 2015. Other than the Investment Agreement, the Company and the Investors have not entered into any other agreement, arrangement, understanding and/or undertaking in respect of the any additional capital commitment or the Additional Issue.

Conditions precedent:

The conditions precedent to the Completion include, among others, the following:

(a) each of the Investors being reasonably satisfied with the results of its legal and financial due diligence review of the Xinyi Energy Group in all respects;

(b) the representation, warranties and undertakings given by Xinyi Energy in the Investment Agreement remaining true and accurate and not misleading as given as of the date of the Investment Agreement and as of Completion, and as if given at all times between the date of the Investment Agreement and Completion;

(c) the representation, warranties and undertakings given by each of the Investors in the Investment Agreement remaining true and accurate and not misleading as given as of the date of the Investment Agreement and as of Completion, and as if given at all times between the date of the Investment Agreement and Completion;

(d) the passing by the Independent Shareholders at the EGM of an ordinary resolution by way of poll approving the Investment Agreement and transactions contemplated thereunder; and

(e) in the reasonable opinion of the Investors, there not having occurred a material adverse change, or any development likely to involve a prospective material adverse change affecting the solar industry in the PRC as a whole.

In the event that any conditions precedent is not satisfied or waived (other than condition (d) which cannot be waived) on or before 31 December 2015 or any other later date as agreed upon in writing by Xinyi Energy, the Company and the Investors, the Investment Agreement shall cease to have any effect.

Completion:

Completion will take place on the fifth business day after the conditions referred to above is fulfilled or waived (as the case may be) or such other later date as may be agreed in writing by and among the Company and the Investors.

INFORMATION ABOUT XINYI ENERGY GROUP

Overview

As of the Latest Practicable Date, Xinyi Energy is a wholly-owned subsidiary of the Company through Xinyi Power. The business of Xinyi Energy Group, which is the management and operation of solar farm projects, represents part of a business segment of the Group. As disclosed in the announcement of the Company dated 28 July 2015, Xinyi Energy Group will be the platform for the management and operation of solar farm projects. Pursuant to the Undertaking, Xinyi Energy has also undertaken to the Company that, from 18 October 2015 to the date on which the then shareholders of Xinyi Energy immediately following Completion cease to hold in aggregate more than 50% of Xinyi Energy Shares in issue, Xinyi Energy Group will not be engaged in the construction of any new solar farm projects except for those under construction as of 18 October 2015, being the date of the undertaking. The Group (excluding the Xinyi Energy Group) will continue to develop and construct future solar farm projects which may be injected into Xinyi Energy Group upon completion and grid connection. Xinyi Energy Group will continue to focus on the management and operation of solar farm projects.

Business operation of Xinyi Energy

As of the Latest Practicable Date, Xinyi Energy Group operates four solar farms in the PRC with the aggregate installed capacity of 320 MW and has six solar farms in the PRC with the aggregate installed capacity of 614 MW under construction and development. These solar farms are operated by different special purpose vehicles established in the PRC which are wholly-owned by intermediate holding companies incorporated in Hong Kong. The Directors anticipate that the aggregate installed capacity of the solar farms to be completed and operated by Xinyi Energy Group would reach 934 MW by the end of 2015.

The following table sets forth certain information of the solar farms owned by the Xinyi Energy Group:

	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Project Location	Jinzhai, Liu An, Anhui, PRC	Sanshan, Wuhu, Anhui, PRC	Nanping, Fujian, PRC	Lixin County, Bozhou, Anhui, PRC	Binhai, Tianjin, PRC	Lixin County, Bozhou, Anhui, PRC	Hongan, Hubei, PRC	Wuwei County, Wuhu, Anhui, PRC	Fanchang County, Wuhu, Anhui, PRC	Shou County, Liuan, Anhui, PRC
Solar Farm Category	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted
Designed Installed Capacity (MW)	150	100	30	40	174	100	100	100	40	100
Actual/ Expected Grid Connection	4th quarter of 2014 (actual)	4th quarter of 2014 (actual)	1st quarter of 2015 (actual)	3rd quarter of 2015 (actual)	End of 2015 (expected)	4th quarter of 2015 (expected)	4th quarter of 2015 (expected) *(Note)*	4th quarter of 2015 (expected)	4th quarter of 2015 (expected)	4th quarter of 2015 (expected)
Feed-in-Tariff (RMB/kWh)	1.0	1.0	1.0	1.0	0.95	1.0	1.0	1.0	1.0	1.0
% Ownership	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: As at the Latest Practicable Date, phase 1 with installed capacity of 50 MW was completed and grid-connected and phase 2 with installed capacity of 50MW is still under construction.

All solar farm projects of Xinyi Energy are built under the national quota and with the state grid connection. Upon completion of each project, on-grid power allocation and purchase contract would be signed with the provincial grid company. Electricity generated is transmitted to the state grid. The state grid companies calculate the electricity output of current month. The electricity generated from the four solar farms which have already been connected to state grid were sold to two grid companies, namely State Grid Anhui Electric Power Company (國網安徽省電力公司) and State Grid Fujian Electric Power Company (國網福建省電力有限公司).

For a typical solar farm project, more than 70 suppliers are involved in the construction process. For the six solar farms which are still under construction, service providers of Xinyi Energy mainly include solar module manufacturing companies, component and material suppliers (for inverter, transformer, cable, PV mounting, etc.), civil engineering and construction companies.

Favourable Policies

Solar power market in the PRC has been experiencing robust growth, driven by strong support of the PRC Government and favorable policies. In 2011, as part of its 12th Five-year Plan, the PRC Government announced its aim to install 35GW of solar capacity by 2015, including 10GW a year between 2013 and 2015. Since then, rapid growth in solar power installation has been witnessed in the PRC. According to the National Energy Administration, the PRC became the world's largest installer of solar capacity by installing 12.9 GW of solar capacity in 2013. In 2014, the National Development and Reform Commission of the PRC government further set a goal to have 100 GW of installed solar capacity by 2020, implying that the PRC would install at least 13 GW of solar capacity per year from 2016 to 2020 if the solar power capacity reached 35GW in 2015 as planned. In March 2015, the National Energy Administration of the PRC revised 2015 annual solar installation target to 17.8GW, from its previous 15GW draft proposal in January 2015. In October 2015, the National Energy Administration of the PRC further increased the 2015 annual solar installation target by an additional 5.3GW, with new project constructions targeted to start by the end of 2015 and grid connection by June 2016.

To encourage the installation of solar plants, the PRC government has continuously introduced and adjusted new policies to optimise the benefits of solar energy producers. Various policies of the PRC Government have been influential in driving the growth of solar power market in the PRC.

From 2009 to 2012, the PRC government first introduced the Golden Sun Program which subsidised the capital expenditure for installing distributed solar power. In 2011, the capital expenditure subsidy was replaced by the introduction of feed-in-tariff regime. This tariff-subsidy regime provides long-term economic return certainty to solar farm project investments by providing a fixed tariff rate to utility-scale solar farm projects for 20 years upon connection to the state gird. In 2013, the National Development and Reform Commission further standardised the feed-in-tariff rate of utility-scale solar power projects by splitting the country into three different geographical regions, and provided a differentiated feed-in-tariff rate for each geographical region (ranging from RMB0.9/kWh to RMB1.0/kWh) reflecting different level of solar radiations across the country.

The National Energy Administration of the PRC also established an annual quota system, and solar farm projects need to be developed under this quota system in order to be eligible for subsidies. The quota system ensures that solar power installation develops in a planned and controlled manner. The annual national quota and provincial quota are typically released at the start of the year, reflecting latest national and regional supply and demand situation after annual review.

Settlement of feed-in-tariff

The abovementioned feed-in-tariff comprises of two parts: (1) receivable from sales of electricity, representing the thermal power cost to be paid by the state grid companies; and (2) tariff adjustment receivable, representing the government subsidies on renewable energy. Details of the feed-in-tariff received by Xinyi Energy for the year ended 31 December 2014 and the six months ended 30 June 2015 are as follows:

	Revenue for the year ended 31 December 2014 *HK$'000*	**Settlement up to 30 June 2015** *HK$'000*
Sales of electricity	13,102	13,102
Tariff adjustment	17,478	—
Total	30,580	13,102

	Revenue for the six months ended 30 June 2015 *HK$'000*	**Settlement up to 30 June 2015** *HK$'000*
Sales of electricity	57,264	48,397
Tariff adjustment	79,526	—
Total	136,790	48,397

Receivables from sales of electricity are usually settled on a monthly basis by the state grid companies. Tariff adjustment receivables represent the government subsidies on renewable energy to be received from the state grid companies in accordance with the prevailing government policies.

Preliminary unaudited combined financial information of Xinyi Energy

Based on the Unaudited Management Accounts, the following table sets forth the unaudited combined financial information on Xinyi Energy for the year ended 31 December 2014 and the six months ended 30 June 2015:

	For the year ended 31 December 2014 *HK$'000*	**For the six months ended 30 June 2015** *HK$'000*
Revenue	30,580	136,790
Profit before income tax	50,303	134,184
Profit after taxation for the year/period	44,006	117,911

Based on the Unaudited Management Accounts, the combined net asset value of Xinyi Energy as of 30 June 2015 amounted to HK$150.3 million. The amounts due by Xinyi Energy Group to other members of the Group ("**Intra-group Balance**") amounted to HK$2,892.8 million as at 31 August 2015 is expected to be capitalised by the Company on or before the date of Completion. In this regard, the implied combined net asset value of Xinyi Energy Group, as contributed by the Group before Completion, is estimated to be approximately HK$3,043.1 million.

Shareholding structure of Xinyi Energy before and immediately after Completion

The following table sets forth the shareholding structure of Xinyi Energy before and immediately after Completion:

Shareholders of Xinyi Energy	**Number of Xinyi Energy Shares immediately before Completion**		**Enlarged number of Xinyi Energy Shares immediately after Completion**	
Xinyi Power	4,740	100.00%	4,740	75.00%
Charm Dazzle	—	—	610	9.65%
Xu Feng	—	—	250	3.96%
Sharp Elite	—	—	250	3.96%
Precious Smart	—	—	150	2.37%
Will Sail	—	—	60	0.95%
Yuanyi	—	—	60	0.95%
Heng Zhuo	—	—	60	0.95%
Far High	—	—	60	0.95%
Day Dimension	—	—	80	1.26%
Total	4,740	100.00%	6,320	100.00%

CONTINUING CONNECTED TRANSACTIONS AFTER COMPLETION

As of the Latest Practicable Date, the Board anticipates that various intra-group transactions entered into between members of the Group will continue after Completion. As Xinyi Energy will be held by the Investors, who are connected persons of the Company, as to 25.0% in aggregate upon Completion, Xinyi Energy and its subsidiaries will become connected subsidiaries (as defined in Rule 14A.16 of the Listing Rules) of the Company upon Completion. As such, transactions entered into between members of the Group (other than the Xinyi Energy Group) on the one hand and members of the Xinyi Energy Group on the other hand which will continue after Completion will become continuing connected transactions for the Company under the Listing Rules upon Completion. These transactions include (a) a guarantee provided by the Company and Xinyi Solar (HK), a subsidiary of the Company for the banking facilities granted by a licensed bank in Hong Kong to Wise Regal Investments Limited, a subsidiary of Xinyi Energy in the aggregate amount of HK$400 million; (b) a guarantee provided by Xinyi PV Products (Anhui) Holdings Limited, a subsidiary of the Company for the banking facilities granted by a state owned commercial bank in the PRC to Xinyi Solar (Wuhu)

Limited, Xinyi Solar (Fanchang) Limited and Xinyi Solar (Shou Xian) Limited, subsidiaries of Xinyi Energy in the aggregate amount of RMB300 million; and (c) the Additional Issue pursuant to the additional equity investment to be provided by the Company to Xinyi Energy pursuant to the terms of the Investment Agreement. As at the Latest Practicable Date, Xinyi Energy was also in negotiation with a major local bank in Hong Kong for a long term loan in the amount of HK$1.0 billion to HK$1.6 billion which will be entirely guaranteed by the Company and/or its subsidiaries (other than Xinyi Energy Group).

The Company will disclose further details of these transactions in compliance with the Listing Rules. The Company will also comply with the annual review and the relevant disclosure requirements under the Listing Rules applicable for these continuing connected transactions after Completion. The Company will comply with the relevant connected transaction requirements when the terms of these continuing connected transactions are renewed or varied.

FINANCIAL IMPACT OF THE EQUITY INVESTMENT ON THE GROUP

Immediately after Completion, Xinyi Energy will become a non-wholly owned subsidiary of the Company and its operating results, assets and liabilities will continue to be consolidated in the financial statements of the Group. As the Equity Investment is an equity transaction, no gain/loss will be reported in the Company's consolidated income statement. The Equity Investment will not result in any loss of control of Xinyi Energy. The Equity Investment will not result in any significant impact to the profit or loss of the Group.

Xinyi Energy plans to use the net proceeds from the Equity Investment for (a) payment of the outstanding capital expenditure of the solar farms under construction; and (b) general working capital of Xinyi Energy Group.

Based on the unaudited management accounts of the Group, the Intra-Group Balance as of 31 August 2015 amounted to HK$2,892.8 million. It is expected that the Intra-group Balance will be capitalised by the Company on or before the date of Completion.

The Directors estimate that the total capital expenditure required for constructing the existing solar farm projects amount to approximately RMB5,978 million to RMB6,445 million (equivalent to approximately RMB6.4 to RMB6.9 per watt based on the aggregate installed capacity of the solar farm projects owned by Xinyi Energy Group of 934 MW).

Xinyi Energy Group intends to fund the additional capital requirement for its business by a combination of equity and debt financing, including the Additional Issue contemplated under the Investment Agreement. As disclosed in the announcement of the Company dated 28 July 2015, the Directors are also in confidential discussions with a number of third parties investors independent of the Company and its connected persons for potential investment in Xinyi Energy. The negotiation between Xinyi Energy and these independent investors regarding these prospective investments is in preliminary stage and the relevant terms, including the investment amount and price, are subject to further negotiation between the parties and have not been determined. The Company will disclose further details of these investments in compliance with the Listing Rules.

The Directors estimate that the combined amount of (i) Equity Investment, (ii) the Additional Issue and/or the prospective equity investment from third parties investors, (iii) the amount of equity contribution from the Group before Completion (including the expected capitalisation of an Intra-Group Balance of HK$2,892.8 million), and (iv) the existing bank facilities of Xinyi Energy Group, would be able to satisfy the estimated total capital expenditure of constructing the existing solar farm projects of Xinyi Energy Group.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE INVESTMENT AGREEMENT

The Group commenced the solar farm business in 2012 initially with roof-top solar panels for its own use. In the fourth quarter of 2014, the Group completed the first and the second projects of ground-mounted solar farms with aggregate installed capacity of 250 MW. Since then the solar farm business of the Group has been developing rapidly, and Xinyi Energy is incorporated as the holding company of management and operation of solar farm business of the Group. As of the Latest Practicable Date, Xinyi Energy Group operates four solar farms in the PRC with the aggregate installed capacity of 320 MW and has six solar farms in the PRC with the aggregate installed capacity of 614 MW under construction and development. The Directors anticipate that the aggregate installed capacity of the solar farms to be completed and operated by Xinyi Energy Group would reach 934 MW by the end of 2015.

Basis of the amount of the Equity Investment and the additional capital commitment

The amount of the Equity Investment has been arrived at after arm's length negotiations among the parties to the Investment Agreement, taking into account of the estimated total capital expenditure of constructing the existing solar farm projects of Xinyi Energy Group. The investment amount of HK$1,580 million represents 25.0% of enlarged number of Xinyi Energy Shares.

As at 30 June 2015, Xinyi Energy Group had unaudited combined net asset value of approximately HK$150.3 million. The Intra-group Balance amounted to HK$2,892.8 million as at 31 August 2015 is expected to be capitalised by the Company on or before the date of Completion. In this regard, the implied combined net asset value of Xinyi Energy Group, as contributed by the Group before Completion, is estimated to be approximately HK$3,043.1 million. Based on the amount of the Equity Investment of HK$1,580 million for 25% of the enlarged number of Xinyi Energy Shares, the implied valuation of 75% of the enlarged number of Xinyi Energy Shares owned by the Group is HK$4,740 million. On this basis, the implied premium of the equity interest in Xinyi Energy held by the Company is estimated to be approximately HK$1,696.9 million. Based on the aggregate installed capacity of the solar farm projects owned by Xinyi Energy Group of 934 MW, the implied premium is estimated to be approximately HK$1.8 or RMB1.5 per watt.

The Directors estimate that the total capital expenditure required for constructing the existing solar farm projects amount to approximately RMB5,978 million to RMB6,445 million (equivalent to approximately RMB6.4 to RMB6.9 per watt based on the aggregate installed capacity of the solar farm

projects owned by Xinyi Energy Group of 934 MW). As such, the implied valuation of the solar farm business of Xinyi Energy Group based on the amount of Equity Investment amount to approximately RMB7.9 to RMB8.4 per watt, representing a premium of more than 20% above the estimated construction cost.

The Company and each of the Investors have agreed that they would provide or to procure their respective nominees to provide additional equity investment to Xinyi Energy up to HK$3,000 million in aggregate on a pro rata basis within one year from the date of Completion or such other period of time as required by Xinyi Energy depending on its business development.

The Directors estimate that the combined amount of (i) Equity Investment, (ii) the Additional Issue and/or the prospective equity investment from third parties investors, (iii) the amount of equity contribution from the Group before Completion (including the expected capitalisation of Intra-group Balance of HK$2,892.8 million), and (iv) the existing bank facilities of Xinyi Energy Group, would be able to satisfy the estimated total capital expenditure of constructing the existing solar farm projects of Xinyi Energy Group.

Key benefits from the Equity Investment

The Board considers that the Equity Investment will have the following benefits to the Group:

Additional financial resources to fund future growth of the solar farm business with additional fund-raising flexibility

The Directors believe that the solar farm business will continue to grow at a rapid pace in light of the abovementioned favourable government policies in the PRC. Solar farm business is capital intensive, and time is of the essence. The Directors believe that Xinyi Energy Group, with its focus on the management and operation of solar farm projects, will benefit from this robust development in the solar power market. The construction of solar farms will require continuous funding supports upon acceptable terms. After Completion of the Equity Investment and completion and connection to the state grid of its solar farm projects, the solar farm business of Xinyi Energy Group is expected to generate stable, predictable, and high-quality cash flows. The Directors believe that the stable, predictable, and high-quality cash flows of its solar farm business could enable Xinyi Energy Group to be an effective debt-raising platform. The Directors also believe that the cash flow profile of Xinyi Energy could be attractive to a different group of investors than the existing Investors in the Shares, which could potentially widen the investor base of the Group as a whole. With the establishment of Xinyi Energy as a fund-raising platform, a separate equity and debt funding platform has been created for the Group in generating future financing source and forming a sustainable and holistic business model. The Equity Investment represents the first of the equity financing required for the solar farm business of Xinyi Energy Group based on the implied valuation which will enhance the Shareholders' value.

Having considered the merits of various forms of financing using the existing equity and debt financing channels currently available to the Company, the Directors consider that the Equity Investment is the most cost-effective form of seed financing for the purpose of facilitating the development of the solar farm business, and is in the interest of the Company and the Shareholders.

Unlocking the value of the solar farm business

Based on the amount of the Equity Investment, the implied valuation of the solar farm business of Xinyi Energy Group represents a premium to the estimated total construction cost of the solar farm projects currently owned by the Xinyi Energy Group, and an enhancement to the Shareholders' value within the confines of the Group. The higher the valuation of the subsequent equity investments in the solar farm business of Xinyi Energy Group, the more of the value of the solar farm business will be unlocked for the benefit of the Shareholders.

Continued benefits, and retaining control of the solar farm projects

Following Completion, the Company will continue to have a majority control and interest in Xinyi Energy. Shareholders will be able to participate in the growth and development of the solar farm business of Xinyi Energy Group. The Group will continue to be the single largest shareholder of Xinyi Energy in the future.

Alternative equity-financing channel

Since 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) equity issuances by the Company. Additional bank borrowings will be limited by the Group's capacity to incur additional indebtedness. The Company has already completed two separate equity issuances and has raised gross proceeds of HK$786.6 million and HK$1,150.0 million in August 2014 and March 2015, respectively. The Company has recently conducted another equity fund-raising exercise, of which details were disclosed in the Placing Announcement. The establishment of Xinyi Energy together with the Equity Investment has provided an alternative equity-financing channel that would not result in continuous immediate dilution to shareholding percentages of the Shareholders.

Approval of the Board

The Board considers that the terms of the Investment Agreement, which were arrived at after arm's length negotiations between Xinyi Energy, the Company and the Investors, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Other than Mr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Sai, Mr. LI Man Yin, Mr. LEE Yau Ching and Mr. LEE Shing Put, none of the Directors is regarded as having a material interest in the Equity Investment and hence, none of the Directors (other than Mr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Sai, Mr. LI Man Yin, Mr. LEE Yau Ching and Mr. LEE Shing Put) has abstained from voting on the resolution passed for the approval of the Equity Investment.

INFORMATION ON THE GROUP

The Company and its subsidiaries are principally engaged in the production and sale of solar glass products at its production complex in the PRC as well as the development and operation of solar farms in the PRC. Xinyi Energy is established by the Group as the holding company of the management and operation of its solar farm business in the PRC. The Group (excluding the Xinyi Energy Group) will continue to develop and construct future solar farm projects, with potential injection of these future solar farm projects to the Xinyi Energy Group upon completion and grid connection.

EGM

Set out on pages 48 to 49 of this circular is a notice convening the EGM which will be held at 3/F, Harbour View 2, 16 Science Park East Avenue, Hong Kong Science Park Phase 2, Pak Shek Kok, Tai Po, N.T., Hong Kong at 10:00 a.m. on Monday, 7 December 2015 for the purpose of considering and if thought fit approving the Investment Agreement and the transactions contemplated therein, including the Deemed Disposal and the Additional Issue.

The Investment Agreement and the transactions contemplated therein are subject to, among other things, the approval by the Independent Shareholders at the EGM to be taken by way of a poll. As mentioned above, Xinyi Glass, Xinyi Glass (HK), Realbest, Full Guang, Goldbo, Goldpine, High Park, Linkall, Copark, Perfect All, Herosmart, Telerich and their respective associates shall, at the EGM, abstain from voting for the relevant resolution approving the Investment Agreement and the transactions contemplated therein due to their interests in the concerned transaction. Other than the above, no other Shareholder has material interests in the above transaction and will abstain from voting at the EGM. As at the Latest Practicable Date, Xinyi Glass, Xinyi Glass (HK), Realbest, Full Guang, Goldbo, Goldpine, High Park, Linkall, Copark, Perfect All, Herosmart and Telerich (including their respective associates) is entitled to voting rights of 3,813,722,360 Shares (representing approximately 57.96% of the total voting rights of the Shareholders) in aggregate. They will be entitled to, in aggregate, voting rights of 3,982,522,360 Shares (representing approximately 59.01% of the total voting rights of the Shareholders), immediately after completion of the upcoming top-up subscription, details of which were disclosed in the Placing Announcement. Xinyi Glass, Xinyi Glass (HK), Realbest, Full Guang, Goldbo, Goldpine, High Park, Linkall, Copark, Perfect All, Herosmart and Telerich (including their respective associates) controls or is entitled to control over the entire voting rights in respect of its Shares. There is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon Xinyi Glass, Xinyi Glass (HK), Realbest, Full Guang, Goldbo, Goldpine, High Park, Linkall, Copark, Perfect All, Herosmart and Telerich (including their respective associates); and (ii) no obligation or entitlement of Xinyi Glass, Xinyi Glass (HK), Realbest, Full Guang, Goldbo, Goldpine, High Park, Linkall, Copark, Perfect All, Herosmart and Telerich (including their respective associates) as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting rights in respect of its Shares to a third party, either generally or on a case-by-case basis.

A form of proxy for the EGM is enclosed. Whether or not you wish to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare

Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

RECOMMENDATIONS

The Independent Board Committee has been established to advise the Independent Shareholders whether the Investment Agreement was entered into in the ordinary and usual course of business and the terms of the Investment Agreement were agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, so far as the Independent Shareholders are concerned and Quam has been appointed to advise the Independent Board Committee and the Independent Shareholders in that connection.

The text of the letters from Quam containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 41 of this circular and the text of the letters from the Independent Board Committee to the Independent Shareholders is set out on pages 21 to 22 of this circular.

The Independent Board Committee, having taken into account the advice of Quam, is of the opinion that the Investment Agreement was entered into in the ordinary and usual course of business and the terms of the Investment Agreement were agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at EGM.

The Board considers that the Investment Agreement was entered into in the ordinary and usual course of business and the terms of the Investment Agreement were agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board recommends the Independent Shareholders to vote in favour of the resolution to be proposed at EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Xinyi Solar Holdings Limited
LEE Yau Ching
Executive Director and Chief Executive Officer

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)

7 November 2015

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

EQUITY INVESTMENT IN XINYI ENERGY BY THE INVESTORS

DEEMED DISPOSAL OF EQUITY INTEREST IN XINYI ENERGY

We refer to the circular dated 7 November 2015 issued by the Company (the "**Circular**"), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Investment Agreement and the transactions contemplated thereunder, including the Deemed Disposal and the Additional Issue and to advise the Independent Shareholders as to the fairness and reasonableness of the aforesaid matters, and to recommend how the Independent Shareholders should vote at the EGM. Quam has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 20 of the Circular, and the letter from Quam to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Investment Agreement, as set out on pages 23 to 41 of the Circular.

Having taken into account of the advice of Quam, we consider that the Investment Agreement was entered into upon normal commercial terms following arm's length negotiations between the parties thereto, and that the terms of the Investment Agreement were agreed on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the

Investment Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Investment Agreement and the transactions contemplated therein, including the Deemed Disposal and the Additional Issue.

Yours faithfully,
For and on behalf of
Independent Board Committee

CHENG Kwok Kin, Paul	**LO Wan Sing, Vincent**	**KAN E-ting, Martin**
Independent	*Independent*	*Independent*
Non-executive Director	*Non-executive Director*	*Non-executive Director*

The following is the full text of a letter of advice from Quam Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Investment Agreement and the transactions contemplated thereunder.

Quam 華富嘉洛 企業融資 CAPITAL

7 November 2015

To the Independent Board Committee and the Independent Shareholders

3rd Floor, Harbour View 2
16 Science Park East Avenue
Phase 2, Hong Kong Science Park
Pak Shek Kok, Taipo
New Territories, Hong Kong

Dear Sirs or Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION EQUITY INVESTMENT IN XINYI ENERGY BY THE INVESTORS DEEMED DISPOSAL OF EQUITY INTEREST IN XINYI ENERGY

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Investment Agreement and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 7 November 2015 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 18 October 2015, Xinyi Energy, the Company and the Investors entered into the Investment Agreement, pursuant to which Xinyi Energy has agreed to allot and issue, and each of the Investors has agreed severally, but not jointly and severally, to subscribe for 1,580 new Xinyi Energy Shares in aggregate, representing 25% of the enlarged number of Xinyi Energy Shares immediately after Completion, for HK$1,580 million. Xinyi Energy Group is principally engaged in the management and operation of its solar farm projects.

Prior to Completion, Xinyi Energy is a wholly-owned subsidiary of the Company. Immediately after Completion, the shareholding of the Company in Xinyi Energy will decrease to 75% of the enlarged number of Xinyi Energy Shares. As such, the Equity Investment will constitute a deemed disposal by the Company of its equity interests in Xinyi Energy under Chapter 14 of the Listing Rules. In addition, since the applicable percentage ratios in respect of the Equity Investment and the Additional Issue in aggregate are more than 5% but less than 25%, and each of the Investors is a connected person of the Company by virtue of it being an associate of either a substantial shareholder of the Company or a Director, the Equity Investment and the Additional Issue constitutes a discloseable and connected transaction for the Company under Chapter 14 and 14A of the Listing Rules, respectively. Accordingly, the Equity Investment and the Additional Issue will be subject to the notification, announcement and independent shareholders' approval requirements under the Listing Rules. Shareholders who are owned by the beneficial owners of any of the Investors or those Shareholders who are otherwise interested or involved in the Equity Investment and the Additional Issue are required to abstain from voting on the resolutions to approve the transactions contemplated under the Investment Agreement.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Cheng Kwok Kin, Paul, Mr. Lo Wan Sing, Vincent and Mr. Kan E-ting, Martin, has been established to advise the Independent Shareholders as to whether the terms of the Investment Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and whether the Equity Investment and the Additional Issue is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolutions to be proposed at the EGM to approve the Investment Agreement and the transactions contemplated thereunder. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Quam Capital Limited did not have any relationships or interests with the Company or the Investors that could reasonably be regarded as relevant to the independence of Quam Capital Limited. In the last two years, there was no engagement between the Group and Quam Capital Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Company or the Investors. Accordingly, we are qualified to give independent advice in respect of the Investment Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided

and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, its subsidiaries and associates as well as Xinyi Energy Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Investment Agreement are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the following principal factors and reasons set out below:

1. Background of and reasons for the Equity Investment

1.1 *Information on the Group*

The Company and its subsidiaries are principally engaged in the production and sale of solar glass products at its production complex in the PRC as well as the development and operation of solar farms in the PRC. Xinyi Energy is established by the Group as the holding company of the management and operation of its solar farm projects. The Group (excluding Xinyi Energy Group) will continue to develop and construct future solar farm projects which may be injected into Xinyi Energy Group upon completion and grid connection.

The following table summarises the consolidated income statements of the Company for the two years ended 31 December 2014 as extracted from the annual report of the Company for the year ended 31 December 2014 (the "**2014 Annual Report**") and for the six months ended 30 June 2014 and 2015 as extracted from the interim report of the Company for the six months ended 30 June 2015 (the "**2015 Interim Report**"):

	For the six months ended 30 June		For the year ended 31 December	
	2015	**2014**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*
Revenue	2,053,681	994,367	2,410,004	1,967,507
- ultra-clear photovoltaic ("**PV**") raw glass	62,482	140,909	237,219	561,857
- ultra-clear PV processed glass and other glass	1,538,061	853,458	2,142,205	1,405,650
- solar power electricity generation	136,790	—	30,580	—
- engineering, procurement and construction ("**EPC**") service	316,348	—	—	—
Profit for the period/year attributable to equity holders of the Company	601,005	200,266	492,972	303,799

For the year ended 31 December 2014 vs for the year ended 31 December 2013

The Group mainly generated its revenue from the sales of solar glass products, including ultra-clear PV raw glass, ultra-clear PV processed glass, back glass and other glass for the year ended 31 December 2013 and began to generate revenue from solar power electricity generation for the year ended 31 December 2014.

According to the 2014 Annual Report, the global PV market continued to expand in 2014, even though the growth in the PV installation was lower than the expected level in the PRC. Nonetheless, the Group recorded revenue of approximately HK$2,410.0 million for the year ended 31 December 2014, representing an increase of approximately 22.5% as compared to the previous year. The growth in revenue was mainly attributable to the increase in sales of ultra-clear PV processed glass and other glass resulting from the increase in both average selling prices and sales volumes in 2014. Given the growing concerns about the environmental and social benefits of using green energy as well as the increasing competiveness of PV power as compared to other sources of energy, the Board expects that robust development in China's PV market will continue in the coming years.

Leveraging on its experience in constructing distributed roof-top PV electricity generation systems, the Group had launched several utility-scale ground-mounted solar farm projects in 2014 and will continue to proactively explore investment opportunities related to ground-mounted solar farms and distributed PV generation systems. The first and second ground-mounted solar farm(s) of the Group, with an aggregate installed capacity of 250 MW in Anhui, the PRC, started revenue

contribution in the fourth quarter of 2014. Revenue derived from the Group's solar farm business amounted to approximately HK$30.6 million in 2014. The Directors consider that going downstream to solar farm business not only provides a long-term and stable revenue stream for the Group, but also creates new business opportunities for its solar glass business.

For the six months ended 30 June 2015 vs for the six months ended 30 June 2014

For the six months ended 30 June 2015, the Group recorded revenue of approximately HK$2,053.7 million, representing a significant increase of approximately 106.5% as compared to the corresponding period in 2014. According to the 2015 Interim Report, such growth in revenue was mainly driven by significant growth in sales volume and shift in product mix towards PV processed glass which commands higher average selling prices than those of PV raw glass.

As disclosed in the 2015 Interim Report, declining installation costs and continuous improvements in conversion efficiency have enhanced the investment return of solar farms in recent years. As at 30 June 2015, the Group has three ground-mounted solar farms with total approved capacity of 280 MW in operation and generated revenue of approximately HK$136.8 million to the Group for the six months ended 30 June 2015. The Directors expect that contributions from this business segment will gradually increase with increasing number of solar farms commencing operation. As disclosed in the announcement of the Company dated 28 July 2015, as one of its growth strategies, the Group will continue to develop its solar farm business.

The Group recorded EPC service income of approximately HK$316.3 million for the six months ended 30 June 2015, mainly attributable to the installation of distributed generation solar farms on the individual household roof-top in Auhui province. This provides an additional source of income to the Group without further increasing the Group's long-term capital requirements.

The following table sets out the key items in the consolidated balance sheet of the Company as at 31 December 2013, 31 December 2014 and 30 June 2015 as extracted from the 2014 Annual Report and the 2015 Interim Report:

	As at 30 June 2015	**As at 31 December 2014**	**As at 31 December 2013**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	*(audited)*	*(audited)*
Property, plant and equipment	4,857,330	3,685,227	1,367,987
Cash and cash equivalents	1,068,147	542,726	279,122
Total assets	8,535,111	5,763,967	2,686,995
Bank borrowings	1,800,000	1,300,000	—
Net assets	4,880,943	3,305,888	2,310,435
Gearing ratio	15.0%	22.9%	N/A*(Note)*

Note: the Group was in a net cash position as at 31 December 2013

As at 30 June 2015, the Group had total assets of approximately HK$8,535.1 million, representing an increase of approximately 48.1% as compared to that as at 31 December 2014. Such increase was primarily attributable to the increase in property, plant and equipment of approximately HK$1,172.1 million, the increase in trade and other receivables of approximately HK$796.9 million and the increase in cash and cash equivalent of approximately HK$525.4 million.

As advised by the Directors, the increase in property, plant and equipment was mainly due to the capital expenditure relating to the construction of solar power generating equipment and plants. Approximately HK$1,137.0 million of net proceeds were raised by way of new issue of Shares in March 2015, which were fully used for the capital expenditure of solar farm projects and solar glass production plant in Malaysia and general working capital of the Group.

For the six months ended 30 June 2015, the Group secured bank borrowings of approximately HK$500.0 million to finance the capital expenditure for its solar farm projects in the PRC and solar glass production plant in Malaysia. All the bank borrowings were guaranteed by corporate guarantee provided by the Company with floating interest rates. As a result of equity financing through the placement of Shares made in March 2015, the gearing ratio of the Group, being total bank borrowings less cash and cash equivalents and divided by total equity, decreased from approximately 22.9% as at 31 December 2014 to approximately 15.0% as at 30 June 2015.

The Group's capital commitments as at 30 June 2015 amounted to approximately HK$4,795.2 million, which were principally related to the development of solar farm projects and a new production complex in Malaysia. The amount of the capital commitments included contracted and estimated amounts of capital expenditure that may be incurred by the Group principally for the solar farm projects planned to be undertaken.

1.2 ***Information on Xinyi Energy***

Xinyi Energy is a wholly-owned subsidiary of the Company through Xinyi Power. The business of Xinyi Energy Group, which is the management and operation of solar farm projects, represents part of a business segment of the Group. Xinyi Energy Group will be the platform for the management and operation of solar farm projects.

Pursuant to an undertaking executed by Xinyi Energy in favour of the Company dated 18 October 2015, Xinyi Energy has also undertaken to the Company that, from 18 October 2015 to the date on which the then existing shareholders of Xinyi Energy immediately following Completion cease to hold in aggregate more than 50% of Xinyi Energy Shares in issue, Xinyi Energy Group will not be engaged in the construction of any new solar farm projects except for those under construction as of 18 October 2015, being the date of the undertaking. The Group (excluding Xinyi Energy Group) will continue to develop and construct future solar farm projects which may be injected into Xinyi Energy Group upon completion and grid connection. Xinyi Energy Group will continue to focus on the management and operation of solar farm projects.

Business operation of Xinyi Energy

As at the Latest Practicable Date, Xinyi Energy Group operates four solar farms in the PRC with the aggregate installed capacity of 320 MW and has six solar farms in the PRC with the aggregate installed capacity of 614 MW under construction. The Directors anticipate that the aggregate installed capacity of the solar farms to be completed and operated by Xinyi Energy Group would reach 934 MW by the end of 2015.

The following table sets forth certain information of the solar farms owned by Xinyi Energy Group:

	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Project Location	**Jinzhai, Liu An, Anhui, PRC**	**Sanshan, Wuhu, Anhui, PRC**	**Nanping, Fujian, PRC**	**Lixin County, Bozhou, Anhui, PRC**	**Binhai, Tianjin, PRC**	**Lixin County, Bozhou, Anhui, PRC**	**Hongan, Hubei, PRC**	**Wuwei County, Wuhu, Anhui, PRC**	**Fanchang County, Wuhu, Anhui, PRC**	**Shou County, Liuan, Anhui, PRC**
Solar farm category	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted	Ground-mounted
Designed installed capacity (MW)	150	100	30	40	174	100	100 *(Note)*	100	40	100
Actual / Expected grid connection	4th quarter of 2014 (actual)	4th quarter of 2014 (actual)	1st quarter of 2015 (actual)	3rd quarter of 2015 (actual)	End of 2015 (expected)	4th quarter of 2015 (expected)	4th quarter of 2015 (expected)	4th quarter of 2015 (expected)	4th quarter of 2015 (expected)	4th quarter of 2015 (expected)
Feed-in-Tariff (RMB/kwh)	1.0	1.0	1.0	1.0	0.95	1.0	1.0	1.0	1.0	1.0
% ownership	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: As at the Latest Practicable Date, phase 1 with installed capacity of 50MW was completed and grid-connected and phase 2 with installed capacity of 50MW is still under construction.

All solar farm projects of Xinyi Energy are built under the national quota and with the state grid connection. Upon completion of each project, on-grid power allocation and purchase contract would be signed with the provincial grid company. Electricity generated is transmitted to the state grid. The state grid companies calculate the electricity output of current month. The electricity generated from the four solar farms which have already been connected to state grid were sold to two grid companies, namely State Grid Anhui Electric Power Company (國網安徽省電力公司) and State Grid Fujian Electric Power Company (國網福建省電力有限公司).

For a typical solar farm project, more than 70 suppliers are involved in the construction process. For the six solar farms which are still under construction, service providers of Xinyi Energy mainly include solar module manufacturing companies, component and material suppliers (for inverter, transformer, cable, PV mounting, etc.), civil engineering and construction companies. The Directors estimate that the total capital expenditure required for constructing the existing solar farm projects amount to approximately RMB5,978 million to RMB6,445 million (equivalent to approximately RMB6.4 to RMB6.9 per watt based on the aggregate installed capacity of the solar farm projects

owned by Xinyi Energy Group of 934 MW). The Directors estimate that the combined amount of (i) the Equity Investment, (ii) the Additional Issue and/or the prospective equity investment from third parties investors, (iii) the amount of equity contribution from the Group before Completion (including the expected capitalisation of an intra-group balance of HK$2,892.8 million as at 31 August 2015 (the "**Intra-group Balance**")), and (iv) the existing bank facilities of Xinyi Energy Group, would be able to satisfy the estimated total capital expenditure of constructing the existing solar farm projects of Xinyi Energy Group.

Outlook of the solar power sector in the PRC

Solar power is a renewable and environmental-friendly energy source. As driven by factors such as severe pollution in major cities in northern PRC and over-dependence on coal for electricity generation, the PRC government announced in its 12th Five-year Plan in 2011 that it aimed to install 35 GW of solar capacity by 2015, including 10 GW a year between 2013 and 2015. Since then, rapid growth in solar power installation has been witnessed in the PRC. According to the National Energy Administration of the PRC, the PRC became the world's largest installer of solar capacity by installing 12.9 GW of solar capacity in 2013. In 2014, the National Development and Reform Commission of the PRC government further set a goal to have 100 GW of installed solar capacity by 2020, implying that the PRC would install at least 13 GW of solar capacity per year from 2016 to 2020 if the solar power capacity reached 35GW in 2015 as planned.

To encourage the installation of solar plants, the PRC government has continuously introduced and adjusted new policies to optimise benefits of solar energy producers. From 2009 to 2012, the PRC government first introduced the Golden Sun Program which subsidised the capital expenditure for installing distributed solar power. In 2011, the capital expenditure subsidy was replaced by the introduction of feed-in-tariff ("**FiT**") regime to solar power investors. This tariff-subsidy regime provides long-term economic return certainty to solar farm project investments by providing a fixed tariff rate to utility-scale solar farm projects for 20 years upon connection to the state gird, such that the long-term return to solar power investors are better protected. In September 2013, the rate of FiT was standardized by the National Development and Reform Commission based on the type and geographical locations of solar power projects. In particular, utility-scale projects will be granted a FiT rate ranging from RMB0.9/kWh to RMB1.0/kWh based on the installed geographical locations to reflect the different level of solar radiations across the country and distributed solar projects will be granted a FiT rate of RMB0.42kWh.

The National Energy Administration of the PRC also established an annual quota system, and solar farm projects need to be developed under this quota system in order to be eligible for subsidies. The quota system ensures that solar power installation develops in a planned and controlled manner. The annual national quota and provincial quota are typically released at the start of the year, reflecting latest national and regional supply and demand situation after annual review.

Settlement of FiT

The abovementioned FiT comprises of two parts: (1) receivable from sales of electricity, representing the thermal power cost to be paid by the state grid companies; and (2) tariff adjustment receivable, representing the government subsidies on renewable energy. Details of the FiT received by Xinyi Energy for the year ended 31 December 2014 and the six months ended 30 June 2015 are as follows:

	Revenue for the year ended 31 December 2014	**Settlement up to 30 June 2015**
	HK$'000	*HK$'000*
Sales of electricity	13,102	13,102
Tariff adjustment	17,478	—
Total	30,580	13,102

	Revenue for the six months ended 30 June 2015	**Settlement up to 30 June 2015**
	HK$'000	*HK$'000*
Sales of electricity	57,264	48,397
Tariff adjustment	79,526	—
Total	136,790	48,397

Receivables from sales of electricity are usually settled on a monthly basis by the state grid companies. Tariff adjustment receivables represent the government subsidies on renewable energy to be received from the state grid companies in accordance with the prevailing government policies.

Unaudited combined financial information of Xinyi Energy

Based on the Unaudited Management Accounts, set out below are the key items on the unaudited combined financial information of Xinyi Energy for the year ended 31 December 2014 and the six months ended 30 June 2015:

	For the year ended 31 December 2014	For the six months ended 30 June 2015
	HK$'000	*HK$'000*
Revenue	30,580	136,790
Profit before income tax	50,303	134,184
Profit after taxation for the year/period	44,006	117,911

As advised by the Directors, the solar power generation business was conducted through the Company's other indirect wholly-owned subsidiaries prior to the reorganisation of the Group companies. Upon completion of the reorganisation, Xinyi Energy and its subsidiaries will focus on solar power generation business. Revenue of Xinyi Energy Group was entirely generated from the sale of electricity and tariff received and receivable from the state grid companies pursuant to the government policy on subsidies of solar energy in respect of the solar power farm business.

Xinyi Energy Group also recorded other income during the year ended 31 December 2014 and the six months ended 30 June 2015, which represented government grants from the PRC government in subsidising Xinyi Energy Group's general operations. The significant growth in revenue of Xinyi Energy Group during the six months ended 30 June 2015 was due to the fact that Xinyi Energy Group's first and second solar farm projects only commenced operations since the fourth quarter of 2014. As at 30 June 2015, Xinyi Energy Group had three solar farm projects in operation with an aggregate installed capacity of 280 MW. As a result, there was a significant growth in the profitability of Xinyi Energy Group. The unaudited combined net asset value of Xinyi Energy was approximately HK$150.3 million as at 30 June 2015. The Intra-group Balance of approximately HK$2,892.8 million as at 31 August 2015 is expected to be capitalised by the Company on or before the date of Completion. In this regard, the implied combined net asset value of Xinyi Energy Group, as contributed by the Group before Completion, is estimated to be approximately HK$3,043.1 million.

1.3 ***Reasons for and benefit of the transactions under the Investment Agreement***

Prior to the Equity Investment, the Group has relied on cash generated from its operating activities, equity issuance by placement of new Shares and bank borrowings to fund its solar farm projects.

In light of the favourable government policies in the PRC as discussed in the paragraph headed "Outlook of the solar power sector in the PRC" above, the solar farm business of the Group is expected

to continue to grow at a rapid pace, as evidenced in the growth in revenue contribution by solar power electricity generation to the Group for the six months ended 30 June 2015. As advised by the Company, solar farm business is capital intensive and construction of solar farms requires continuous funding supports upon acceptable terms. As a result, the Company has already completed two separate equity issuances and has raised gross proceeds of approximately HK$786.6 million and HK$1,150.0 million in August 2014 and March 2015, respectively. The Company has recently conducted another equity fund-raising exercise to raise estimated net proceeds up to approximately HK$537.0 million, details of which were disclosed in the Placing Announcement. As at 30 June 2015, the Group had cash and cash equivalents of approximately HK$1,068.1 million with capital commitments of approximately HK$4,795.2 million, which were principally related to the development of solar farm projects and a new production complex in Malaysia. The Equity Investment provides part of the required capital for the continuous development of the Group's solar farm business. The establishment of Xinyi Energy and the Equity Investment provide an alternative equity-financing channel for the Group to raise additional capital for its solar farm business that will not incur additional finance costs and will not result in immediate dilution to the shareholdings of the Shareholders while allowing the Shareholders to be able to participate in the growth and development of the solar farm business of Xinyi Energy Group.

Upon completion and connection to the state grid of its solar farm projects, the solar farm business of Xinyi Energy Group is expected to generate stable, predictable, and high-quality cash flows. The Directors believe that the cash flow profile of Xinyi Energy could be attractive to a different group of investors than existing investors in the Shares, which could potentially widen the investor base of the Group as a whole. As disclosed in the announcement of the Company dated 28 July 2015, the Directors are in confidential discussions with a number of renowned independent investors for potential investment in Xinyi Energy. The Directors also believe that the stable, predictable, and high-quality cash flows of its solar farm business could enable Xinyi Energy Group to be an effective debt-raising platform.

Following Completion, the Company will continue to have a majority control and interest in Xinyi Energy and the Group will continue to be the single largest shareholder of Xinyi Energy in the future. The Group may consider raising additional funds, whether in the form of equity or debt, for its solar farm business through Xinyi Energy as a separate fund-raising platform, including the Additional Issue contemplated under the Investment Agreement.

2. The Investment Agreement

2.1 *Principal terms of the Investment Agreement*

The following sets forth a summary of the principal terms of the Investment Agreement:-

Date: 18 October 2015

Parties: Xinyi Energy, as the issuer;

the Company as the existing sole shareholder of Xinyi Energy; and

	the Investors, as the subscribers
Subscription:	1,580 new Xinyi Energy Shares, representing 25% of the enlarged number of Xinyi Energy Shares immediately after Completion
Amount of the Equity Investment:	HK$1,580 million, payable by the Investors in a pro-rata basis
Additional capital commitment (the "Additional Capital Commitment"):	The Company and each of the Investors have agreed that they would provide or to procure their respective nominees to provide additional equity investment to Xinyi Energy up to HK$3,000 million in aggregate on a pro rata basis within one year from the date of Completion or such other period of time as required by Xinyi Energy depending on its business development. This Additional Capital Commitment would be used for the existing solar farm projects of Xinyi Energy Group as of 18 October 2015. Other than the Investment Agreement, the Company and the Investors have not entered into any other agreement, arrangement, understanding and/or undertaking in respect of the any additional capital commitment or the Additional Issue.
Conditions precedent:	The conditions precedent to the Completion include, among others, the followings:- (i) each of the Investors being reasonably satisfied with the results of its legal and financial due diligence review of Xinyi Energy Group in all respects; (ii) the passing by the Independent Shareholders at the EGM of an ordinary resolutions by way of poll approving the Investment Agreement and the transactions contemplated thereunder; and (iii) in the reasonable opinion of the Investors, there not having occurred a material adverse change, or any development likely to involve a prospective material adverse change affecting the solar industry in the PRC as a whole. In the event that any conditions precedent is not satisfied or waived (other than condition (ii) which cannot be waived) on or before 31 December 2015 or any other later date as agreed upon in writing by Xinyi Energy, the Company and the Investors, the Investment Agreement shall cease to have any effect.

Completion	Completion will take place on the fifth business day after the conditions precedents to the Investment Agreement is fulfilled or waived (as the case may be) or such other later date as may be agreed in writing by and among the Company and the Investors.

2.2 ***Assessment of the terms of the Investment Agreement***

As disclosed in the Letter from the Board, the combined amount of the Equity Investment and the Additional Capital Commitment have been arrived at after arm's length negotiations among the parties to the Investment Agreement, after taking into account the estimated total capital expenditure of constructing the existing solar farm projects of Xinyi Energy Group as mentioned above.

As explained in the paragraph headed "Unaudited combined financial information of Xinyi Energy" above, the implied combined net asset value of Xinyi Energy Group, as contributed by the Group so far, is estimated to be approximately HK$3,043.1 million. Based on the amount of the Equity Investment of HK$1,580 million for 25% of the enlarged number of Xinyi Energy Shares, the implied valuation of 75% of the enlarged number of Xinyi Energy Shares owned by Xinyi Solar is HK$4,740 million. On this basis, as disclosed in the Letter from the Board, the implied premium of the equity interest in Xinyi Energy held by the Company is estimated to be approximately HK$1,696.9 million. Based on the aggregate installed capacity of the solar farm projects owned by Xinyi Energy Group of 934 MW, the implied premium is estimated to be approximately HK$1.8 or RMB1.5 per watt.

As estimated by the Directors, the total capital expenditure required for constructing the existing solar farm projects is expected to be approximately RMB5,978 million to RMB6,445 million (equivalent to approximately RMB6.4 to RMB6.9 per watt based on the aggregate installed capacity of the solar farm projects owned by Xinyi Energy Group of 934 MW). We have discussed with the management of the Company the bases and assumptions in arriving at the amount of the Equity Investment and the Additional Capital Commitment and have been provided with (i) the historical capital cost in constructing solar farm projects by Xinyi Solar; and (ii) the historical price trend for the modules and peripherals for the construction of solar power projects. In this regard, we noted that the historical weighted average capital expenditure for solar farm projects completed by the Group in 2014 and 2015 was approximately RMB6.9 per watt.

Based on the above basis, we consider that the Company's bases and assumptions in determining the amount of the Equity Investment and the Additional Capital Commitment are fair and reasonable.

Implied valuation of Xinyi Energy Group being favourable to the Hengxing Investment (as defined below)

Taking into account the amount of the Equity Investment of HK$1,580 million for 25% of the enlarged number of Xinyi Energy Shares, the implied equity valuation of the entire issued share capital of Xinyi Energy immediately after Completion will be HK$6,320 million. Pursuant to the Investment Agreement, the Company and each of the Investors have agreed that they would provide or to procure their respective nominees to provide additional equity investment to Xinyi Energy up to HK$3,000 million in aggregate on a pro rata basis for the business development of Xinyi Energy. As

a result, the implied valuation of Xinyi Energy Group will be approximately HK$9,320 million. As advised by the management of the Company, price per watt is a one of the most commonly used yardsticks for judging valuations of electricity generation projects. Based on the aggregate installed capacity of the solar farm projects owned by Xinyi Energy Group of 934 MW, the implied valuation of Xinyi Energy Group based on the Equity Investment and the Additional Capital Commitment is equivalent to approximately HK$10.0 or RMB8.2 per watt.

As at the Latest Practicable Date, other than the solar farm projects owned by Xinyi Energy Group, the Group wholly owned two completed self-use distributed roof-top solar farm projects located in Tianjin and Auhui, the PRC, with a total installed capacity of 73.1 MW and established a 50/50 joint venture ("**LuiAn YieldCo**") with 深圳市瑞和恒星科技發展有限公司 (Shenzhen Ruihe Hengxing Technology Development Company Limited) ("**Shenzhen Hengxing**"), an independent third party, for the funding and operation of the Anhui Jinzhai Solar Plant Phase II located at Jinzhai County, Luian City, Anhui Province, the PRC, with an installed capacity of 100 MW.

As disclosed in the announcement of the Company dated 25 May 2015, the equity investment made by Shenzhen Hengxing (the "**Hengxing Investment**") for 50% of the enlarged issued share capital of LuiAn YieldCo was RMB225 million, implying an equity valuation of the entire issued share capital of LuiAn YieldCo at RMB450 million. LuiAn YieldCo ceased to be a subsidiary of the Company following the completion of Hengxing Investment as Shenzhen Hengxing shall have the right to nominate two of the three directors of LuiAn YieldCo. Under such arrangement and having taken into account the capital expenditure required, the Group and Shenzhen Hengxing will provide interest-bearing loans in an aggregate amount of not more than RMB350 million to LuiAn YieldCo on a pro rata basis for any additional funding requirement for the construction of the Anhui Jinzhai Solar Plant Phase II. The implied valuation of LuiAn YieldCo is therefore approximately RMB800 million or RMB8 per watt, summarised as follows:

		RMB million
Equity investment made by Shenzhen Hengxing (being 50% equity interest in LuiAn YieldCo)	A	225
100% equity interest in LuiAn YieldCo	B = A x 2	450
Shareholders' loans to be provided by the Group and Shenzhen Hengxing to LuiAn YieldCo for additional funding requirement for the construction of the Anhui Jinzhai Solar Plant Phase II	C	350
Implied valuation of the LuiAn YieldCo	D = B + C	800
Total designed installed capacity of the Anhui Jinzhai Solar Plant Phase II	E	100 MW
Implied valuation per watt of LuiAn YieldCo	F = D / E	RMB8

		RMB million
Implied valuation per watt of Xinyi Energy Group based on the Equity Investment and the Additional Capital Commitment	G	RMB8.2
Premium of implied valuation of Xinyi Energy Group over that of LuiAn YieldCo	(G — F) / F	2.5%

As shown in the table above, Xinyi Energy Group is valued at 2.5% premium over that of LuiAn YieldCo. We consider the Hengxing Investment a relevant case in comparing with the Equity Investment as (i) the Hengxing Investment was a recent case which occurred within this year; (ii) Shenzhen Hengxing was an independent third party; (iii) the Anhui Jinzhai Solar Plant Phase II is a ground-mounted solar farm project in Auhui Province, the PRC, where a majority of Xinyi Energy Group's solar farm projects is located at; and (iv) the expected capital expenditure required for each of Xinyi Energy Group and LuiAn YieldCo has been taken into account in arriving their implied valuation.

We consider the amount of the Equity Investment fair and reasonable given the implied valuation per watt of Xinyi Energy Group is higher than that of the Hengxing Investment, especially when Shenzhen Hengxing was acquiring a control over LuiAn YieldCo in terms of the number of board seats.

Comparable companies — price to book multiples

To evaluate the fairness and reasonableness of the amount of the Equity Investment, we have searched for companies listed on the Stock Exchange which are primarily engaged in solar energy business. We have first tried to identified companies primarily derives over 70% of its revenue from the solar energy business. However, we only identified one company which met the said criteria. In this regard, we have expanded our search to include companies with their principal asset, i.e. over 70% of total assets, attributable to the solar farm business. Based on such criteria, we have identified four companies (the "**Comparable Companies**") on an exhaustive basis. We consider this sample fair and representative as the Comparable Companies are engaged in the same sector as Xinyi Energy Group does and have revenue derived from and major assets in solar power generation.

Since Xinyi Energy Group has only commenced its operation since the fourth quarter of 2014 and most of its solar farm projects were still under construction and development, its profitability has not achieved a normalised level. As such, we consider it more appropriate to assess the fairness and reasonableness of the amount of the Equity Investment by reference to the price to book multiples ("**PBRs**") of the Comparable Companies instead of price to earnings multiples.

Set out below are the historical PBRs of the Comparable Companies calculated based on their unaudited consolidated net assets attributable to their shareholders as at 30 June 2015 and their closing share prices as at 16 October 2015, being the last trading day immediately preceding the date of the Investment Agreement (the "**Last Trading Day**"):

Company name	**Stock code**	**Principal business**	**PBR** *(times)*
Shunfeng International Clean Energy Ltd.	1165	Manufacturing and sales of solar cells, solar modules and solar wafers and solar power generation business.	1.16
Kong Sun Holdings Ltd.	295	Investment in and operation of photovoltaic power plants, properties investment, manufacturing and sale of life-like plants.	1.55
GCL New Energy Holdings Limited	451	Development, construction, operation and management of solar farms, as well as the manufacturing and selling of printed circuit boards.	2.91
United Photovoltaics Group Ltd.	686	Development, investment, operation and management of solar power plants, manufacturing and sale of solar silicon cells and solar modules.	1.60
		Maximum	**2.91**
		Minimum	**1.16**
		Average	**1.81**
		Xinyi Energy Group and the Equity Investment	**2.08**

Source: Bloomberg

As explained above, the implied combined net asset value of Xinyi Energy Group would be approximately HK$3,043.1 million. Based on the amount of the Equity Investment for the 25% of the enlarged issued share capital of Xinyi Energy, the entire equity interest of Xinyi Energy is valued at HK$6,320 million. On this basis, the implied historical PBR for the Equity Investment is approximately 2.08 times.

As indicated in the table above, the historical PBRs of the Comparable Companies ranged from approximately 1.16 times to approximately 2.91 times, with an average of approximately 1.81 times. The implied historical PBR of the Equity Investment of approximately 2.08 times is hence within the range of the historical PBRs of the Comparable Companies and is higher than the average historical PBRs of the Comparable Companies.

Comparable transactions — price to output ratios

We have further identified comparable transactions conducted by companies listed in Hong Kong and the PRC involving the sale and purchase of companies engaging in solar farms business in the PRC from 1 January 2015 up to the Last Trading Day. Based on such criteria, we identified ten transactions (the "**Comparable Transactions**") on an exhaustive basis.

We were advised by the management of the Group that the expected output of solar farms are comparatively predictable and are dependent on the following factors: (i) the designed installed capacity of the solar farms; and (ii) the location of the solar farms which in turns affect (a) the annual utilisation hours of the solar farms based on the sunshine duration; and (b) amount of FiT to be received from the PRC central government and subsidy to be received from the local government. In this regard, we have come up with theoretical annual output to be generated by the solar farms owned by the targets in the Comparable Transactions. Given valuation of solar farms are largely depended on their respective electricity output, we adopted the price to output ratio as the valuation benchmark in comparing with the Equity Investment and the Additional Capital Commitment. The table below sets out the details of the Comparable Transactions:

Date of announcement	**Company name**	**Stock exchange and stock code**	**Location** *(Province)*	**Installed capacity** *(MW)*	**Consideration** *(RMB '000) (Note 1)*	**Price/ Estimated output** *(Note 2)*
2 October 2015	Kong Sun Holdings Limited	The Stock Exchange (stock code: 295)	Xinjiang	60	534,000	5.81
30 July 2015	United Photovoltaics Group Limited	The Stock Exchange (stock code: 686)	Hubei	100	850,000	6.88
5 June 2015	Kong Sun Holdings Limited	The Stock Exchange (stock code: 295)	Gansu	49.5	495,000	5.81
20 May 2015	Shenzhen Jiawei Photovoltaic Lighting Co Ltd.	Shenzhen Stock Exchange (stock code: 300317)	Inner Mongolia	20	211,777	7.98
13 May 2015	United Photovoltaics Group Limited	The Stock Exchange (stock code: 686)	Multiple locations *(Note 3)*	930	8,800,000	6.54
11 May 2015	United Photovoltaics Group Limited	The Stock Exchange (stock code: 686)	Inner Mongolia and Zhejiang	170	212,239	6.70

Date of announcement	Company name	Stock exchange and stock code	Location *(Province)*	Installed capacity *(MW)*	Consideration *(RMB '000) (Note 1)*	Price/ Estimated output *(Note 2)*
5 May 2015	Kong Sun Holdings Limited	The Stock Exchange (stock code: 295)	Xinjiang	20	193,600	7.25
17 April 2015	Chongqing Tong Jun Ge Co. Ltd.	Shenzhen Stock Exchange (stock code: 000591)	Multiple locations *(Note 4)*	665.51	8,525,000	9.24
23 January 2015	United Photovoltaics Group Limited	The Stock Exchange (stock code: 686)	Xinjiang	80	757,000	7.40
16 January 2015	United Photovoltaics Group Limited	The Stock Exchange (stock code: 686)	Xinjiang	50	196,865	2.78
					Maximum	**9.24**
					Minimum	**2.78**
					Average	**6.64**
18 October 2015	The Company	The Stock Exchange (stock code: 968)	Anhui, Tianjin, Fujian and Hubei	934		6.18 *(Note 5)*

Source: The websites of the Stock Exchange and the Shenzhen Stock Exchange

Notes:

1. The considerations of the Comparable Transactions which involved the acquisition of partial interests of the relevant target companies have been adjusted for 100% interest of the target companies. For Comparable Transactions that require the purchasers to commit certain amount of capital into the target companies upon completion pursuant to the respective agreements, such amount of committed capital has been counted towards the consideration to determine the price for the total value of the target companies.

2. Price to output ratio is arrived at by dividing the adjusted consideration (refer to note 1 above) by the estimated annual output calculated by multiplying the designed installed capacity by the estimated annual utilisation hours as well as the applicable FiT based on the respective locations of the solar power projects.

3. These locations include Hebei Province, Xinjiang Province, Yunnan Province, Gansu Province, Shanxi Province, Jiangsu Province, Fujian Province and Shandong Province.

4. These locations include Zhejiang Province, Shanghai, Jiangxi Province, Shandong Province, Inner Mongolia, Jiangsu Province, Xinjiang Province, Gansu Province, Qinghai Province and Jilin Province.

5. Calculated based on the implied valuation of Xinyi Energy Group of HK$9,320 million and the installed capacity and estimated utilisation hours of the solar farm projects owned by Xinyi Energy Group.

As shown in the table above, the price to output ratios of the Comparable Transactions ranged from approximately 2.78 times to approximately 9.24 times, with an average of approximately 6.64 times. The price to output ratio implied by the Equity Investment of approximately 6.18 times is within the range of those of the Comparable Transactions and represents a close approximate to the average.

On the basis that (i) the implied valuation of Xinyi Energy Group is more favourable to that of the Hengxing Investment; (ii) the historical PBR implied by the Equity Investment is higher than the average of those of the Comparable Companies; and (iii) the price to output ratio of the implied valuation of Xinyi Energy Group is within the range of those of the Comparable Transactions, we consider the amount of the Equity Investment to be fair and reasonable so far as the Independent Shareholders are concerned.

3. **Financial effects of the Equity Investment**

Immediately after Completion, Xinyi Energy will become a non-wholly owned subsidiary of the Company and its operating results, assets and liabilities will continue to be consolidated in the financial statements of the Group. As the Equity Investment is an equity transaction, no gain/loss will be reported in the Company's consolidated income statement. The Equity Investment will not result in any loss of control of Xinyi Energy. The Equity Investment will not result in any significant impact to the profit or loss of the Group.

RECOMMENDATION

Having considered the principal factors and reasons described above, we are of the opinion that the terms of the Investment Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Investment Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Investment Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Gary Mui
Deputy Chief Executive Officer
Head of IPO and Capital Markets

Mr. Gary Mui is a licensed person registered with the SFC and a responsible officer of Quam Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 15 years of experience in the finance and investment banking industry.

1. RESPONSIBILITY STATEMENT

This document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters, the omission of which, would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were 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 for Securities Transactions by Directors of Listed Companies (the "**Model Code**") contained in the Listing Rules, were as follows:

(i) Long positions in Shares

Name of Director	Capacity	Name of the controlled corporations	Number of Shares held	Approximate percentage of the Company's issued share
Mr. LEE Yin Yee, B.B.S.[1]	Interest in a controlled corporation[1]	Realbest	725,209,552	11.02%
	Interest in a controlled corporation[2]	Full Guang	73,190,000	1.11%
	Personal interest[1]		42,912,000	0.65%
	Interest in persons acting in concert[3]		2,191,313,059	33.30%

Name of Director	Capacity	Name of the controlled corporations	Number of Shares held	Approximate percentage of the Company's issued share
Mr. TUNG Ching Sai[3]	Interest in a controlled corporation[4]	Copark	246,932,579	3.75%
	Personal interest[4]		67,880,000	1.03%
	Interest in persons acting in concert[3]		2,191,313,059	33.30%
Mr. LI Man Yin[4]	Interest in a controlled corporation[5]	Perfect All	79,041,911	1.20%
	Personal interest[5]		2,960,000	0.05%
	Interest in persons acting in concert[3]		2,191,313,059	33.30%
Mr. LEE Yau Ching[5]	Interest in a controlled corporation[6]	Telerich	251,595,089	3.82%
Mr. CHEN Xi[7]	Personal interest		200,000	

* *Amount insignificant*

Notes:

(1) Mr. LEE Yin Yee, B.B.S. is the beneficial owner of the entire issued share capital of Realbest which in turn is the registered owner of 725,209,552 Shares. Mr. LEE Yin Yee, B.B.S. also has 42,912,000 Shares through his spouse, Madam Tung Hai Chi.

(2) The interest in the Shares are held through Full Guang. Full Guang is owned by Mr. LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 12.50%, Mr. TUNG Ching Sai as to 19.91%, Mr. LEE Sing Din (father of Mr. LEE Yau Ching) as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

(3) Pursuant to an agreement dated 31 May 2013 and entered into by Mr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their Shares allotted to them under a conditional distribution in specie, by way of special interim dividend declared on 19 November 2013 of such number of Shares to them representing approximately 67.6% of the issued share capital of the Company as of that date.

(4) Mr. TUNG Ching Sai is the beneficial owner of the entire issued share capital of Copark which is the registered owner of 246,932,579 Shares. Mr. TUNG Ching Sai also has 13,782,000 Shares held in his own name and 54,098,000 Shares through his spouse, Madam Sze Tang Hung.

(5) Mr. LI Man Yin is the beneficial owner of the entire issued share capital of Perfect All which is the registered owner of 79,041,911 Shares. Mr. LI Man Yin also has 1,000,000 Shares in his own name and 1,960,000 Shares through his spouse, Madam Li Sau Suet.

(6) Mr. LEE Yau Ching is one of the two directors of Telerich, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din, the father of Mr. LEE Yau Ching. Telerich is the registered owner of 251,595,089 Shares.

(7) Mr. CHEN Xi has 200,000 Shares held through his spouse, Madam Mao Ke.

(ii) Long positions in underlying shares of the Company

As at the Latest Practicable Date, there were a total of 750,000 outstanding share options of the Company granted to an executive Director under the share option scheme of the Company. Details of which are summarised as follows:

Name of Director	:	Mr. CHEN Xi	Mr. CHEN Xi
Date of grant	:	24 July 2014	12 May 2015
Number of Share options granted	:	375,000	375,000
Number of Share options outstanding at the Latest Practicable Date	:	375,000	375,000
Exercise period	:	24 July 2017 to 23 July 2018	1 April 2018 to 31 March 2019
Exercise price per Share	:	HK$2.29	HK$2.86
Capacity in which interest is held	:	Beneficial owner	Beneficial owner
Approximate percentage of the Company	:	0.006%	0.006%

(iii) Long positions in Xinyi Energy Shares

Name of Director	Capacity	Name of the controlled corporations	Number of Xinyi Energy Shares held	Approximate percentage of Xinyi Energy Shares in issue
Mr. LEE Yin Yee, B.B.S.[(1)]	Interest in a controlled corporation[(1)]	Charm Dazzle	610	9.65%
Mr. TUNG Ching Sai[(2)]	Interest in a controlled corporation[(2)]	Sharp Elite	250	3.96%
Mr. LI Man Yin[(3)]	Interest in a controlled corporation[(3)]	Will Sail	60	0.95%

Notes:

(1) Mr. LEE Yin Yee, B.B.S. is the beneficial owner of the entire issued share capital of Charm Dazzle which has acquired 610 Xinyi Energy Shares pursuant to the Investment Agreement.

(2) Mr. TUNG Ching Sai is the beneficial owner of the entire issued share capital of Sharp Elite which has acquired 250 Xinyi Energy Shares pursuant to the Investment Agreement.

(3) Mr. LI Man Yin is the beneficial owner of the entire issued share capital of Will Sail which has acquired 60 Xinyi Energy Shares pursuant to the Investment Agreement.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were 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.

(b) 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 the Latest Practicable Date, 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
Mr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Sai	Xinyi Glass (Hong Kong)	Director
Mr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Sai	Xinyi Glass (BVI)	Director
Mr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Sai	Xinyi Glass	Director
Mr. LEE Yin Yee, B.B.S.	Realbest	Director
Mr. TUNG Ching Sai	Copark	Director
Mr. LI Man Yin	Perfect All	Director
Mr. LEE Yau Ching	Telerich	Director

Save as disclosed above, as at the Latest Practicable Date, so far as known to the Directors, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO.

3. DIRECTORS' OTHER INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of themselves or their respective associates has any interest in a business which competes or may compete with the business of the Group or any other conflicts of interests with the Group.

Other than the proposed issue of Xinyi Energy Shares pursuant to the terms and conditions of the Investment Agreement, as at the Latest Practicable Date, none of the Directors has any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Company were made up.

Other than the Investment Agreement, there is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest audited financial statements of the Company were made up.

6. EXPERT

Quam has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name in the form and context in which they appear.

The following is the qualification of the expert who has provided its advice, which are contained in this circular:

Name	Qualification
Quam	A licensed corporation to carry out type 6 (advising on corporate finance) of the regulated activity under the SFO

As at the Latest Practicable Date, Quam was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2014), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. GENERAL

The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts in case of inconsistency.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of the EGM:

(a) the Investment Agreement;

(b) the Undertaking;

(c) the letter from the Independent Board Committee, as set out on pages 21 to 22 of this circular;

(d) the letter from the Independent Financial Adviser, as set out on pages 23 to 41 of this circular;

(e) the written consent referred to in the section headed "Expert" of this Appendix; and

(f) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Xinyi Solar Holdings Limited (the "**Company**") will be held at 3/F, Harbour View 2, 16 Science Park East Avenue, Hong Kong Science Park Phase 2, Pak Shek Kok, Tai Po, N.T., Hong Kong, on Monday, 7 December 2015 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the conditional Investment Agreement (as defined in the circular of the Company dated 7 November 2015 (the "**Circular**"), a copy of which is tabled at the meeting and marked "A" and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated therein, including the Deemed Disposal (as defined in the Circular) and the Additional Issue (as defined in the Circular) be and are hereby approved, confirmed and ratified; and

(b) the directors of the Company be and are hereby authorized to take such actions and execute such documents as they may consider appropriate and expedient to carry out or give effect to or otherwise in connection with or in relation to the Investment Agreement and the transactions contemplated therein."

By Order of the Board
Xinyi Solar Holdings Limited
Chu Charn Fai
Company Secretary

Hong Kong, 7 November 2015

Notes:

1. Any shareholders of the Company entitled to attend and vote at the EGM of the Company is entitled to appoint another person as his or her or its proxy to attend and vote instead of him or her or it. A member may appoint a proxy in respect of only part of his or her or its holding of shares of the Company. A proxy need not be a shareholder of the Company.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his or her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

3. In order to be valid, the instrument appointing a proxy and (if required by the board of Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event, not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof.

4. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. Where there are registered joint holders of any share of the Company, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.

6. As of the date of this notice, Mr. TUNG Ching Sai, Mr. LEE Yau Ching, Mr. LI Man Yin and Mr. CHEN Xi were the executive directors of the Company; Mr. LEE Yin Yee, B.B.S. and Mr. LEE Shing Put were the non-executive directors of the Company; and Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin were the independent non-executive directors of the Company.