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Xinyi Solar Holdings Limited
信義光能控股有限公司

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



Xinyi Glass Holdings Limited
信義玻璃控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00868)

JOINT ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS FOR XINYI SOLAR
TRANSPORTATION SERVICES

The Xinyi Solar Board and the Xinyi Glass Board refer to the Joint Announcement. It was disclosed in the Joint Announcement that the Transportation Service Agreement has been entered into for the provision of the Transportation Services by Xinhe Logistics to the Xinyi Solar Group.

On 18 May 2016, Xinyi Solar (Wuhu) and Xinhe Logistics entered into the Supplemental Agreement for the purpose of increasing the transportation tonnage required for the Transportation Services and updating the corresponding terms and conditions of the Transportation Service Agreement.

The Transportation Service Agreement, as supplemented by the Supplemental Agreement, constitutes a continuing connected transaction for Xinyi Solar. As the applicable percentage ratios represented by the Revised Annual Cap are less than 5.0%, the Transportation Service Agreement, as supplemented by the Supplemental Agreement, constitutes a continuing connected transaction for Xinyi Solar which is exempt from the independent Shareholders' approval but subject to the reporting, announcement and annual review requirements under Rule 14A.76(2) of the Listing Rules.

The transaction contemplated under the Transportation Service Agreement, as supplemented by the Supplemental Agreement, does not constitute continuing connected transactions for Xinyi Glass. This announcement is therefore issued by Xinyi Glass on a voluntary basis.

BACKGROUND INFORMATION

The Xinyi Solar Board and the Xinyi Glass Board refer to the joint announcement (the “**Joint Announcement**”) dated 12 August 2015. Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as defined in the Joint Announcement. It was disclosed in the Joint Announcement that the Glass Transportation Service Agreement has been entered into for the provision of the Glass Transportation Services by Xinhe Logistics to the Xinyi Solar Group.

On 18 May 2016, Xinyi Solar (Wuhu) and Xinhe Logistics entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Glass Transportation Service Agreement (which is referred to as “**Transportation Service Agreement**” below) for the purpose of increasing the transportation tonnage required for the Transportation Services (which will include the transportation of raw materials for the Xinyi Solar Group under the Supplemental Agreement, collectively, and referred to as “**Transportation Services**”) and updating the corresponding terms and conditions of the Transportation Service Agreement as set forth below.

PRINCIPAL TERMS OF THE SUPPLEMENTAL AGREEMENT

It is expressly stated in the Supplemental Agreement that the Transportation Service Agreement will continue to be valid and legal binding between the parties thereto except for those provisions modified by the Supplemental Agreement. The principal terms of the Supplemental Agreement are set forth below:

- Date: 18 May 2016
- Parties: (a) Xinhe Logistics, as the service provider of the Transportation Services, and
- (b) Xinyi Solar (Wuhu), acting for itself and its subsidiaries, as the party sourcing the Transportation Services
- Term: For such period of time from the date of the Supplemental Agreement to 31 December 2016, both days inclusive.

Transportation Services:	Xinhe Logistics shall, upon the request of Xinyi Solar (Wuhu), provide road and river transportation services in the PRC for the glass products and the raw materials for members of the Xinyi Solar Group. Members of the Xinyi Solar Group shall be under no obligation to use the Transportation Services on an exclusive basis. The annual transportation tonnage for the year ending 31 December 2016 (including the period covered by the Transportation Service Agreement) is expected to be around 2.08 million tonnes. This expected level of annual transportation tonnage for the year ending 31 December 2016 is higher than the original estimation under the Transportation Service Agreement. The increase is primarily due to the increase in the production volume of the Xinyi Solar Group in response to the increasing demand for solar glass products at different regions in the PRC and that Transportation Services will include the transportation of raw materials from time to time requested by the Xinyi Solar Group.
Determination of the cost payable for the Transportation Services	The cost for the Transportation Services shall be determined on an arm's length basis upon normal commercial terms with reference to, and cannot be higher and less favourable than, the standard freight rates charged by the third-party transportation service providers for comparable services during the term. The cost will be settled by members of the Xinyi Solar Group in cash on a monthly basis, free of interest on any accrued balance. Based on the current applicable freight rates in the PRC, the estimated cost payable by members of the Xinyi Solar Group to Xinhe Logistics for the year ending 31 December 2016 is expected to be not more than RMB186.6 million (equivalent to HK\$222.1 million) (the " Revised Annual Cap ").
Other terms and conditions:	All other terms and conditions of the Transportation Service Agreement shall remain unchanged.
Governing law:	The law of the PRC

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Transportation Service Agreement sets forth the basis of cooperation between the Xinyi Solar Group and the Xinyi Glass Group on sourcing the Transportation Services from Xinhe Logistics. Xinhe Logistics provides road and river transportation services in the PRC. It has its own fleet of trucks and vessels for road transportation and river transportation in the PRC and has its dedicated team of staff for coordinating with the third-party transportation service providers. The cooperation has achieved the expected outcome with the decrease in the transportation cost and damage in transit and increase in the overall transportation efficiency. Because of the continuous business growth of the Xinyi Solar Group, the Supplement Agreement is entered into for the purpose of increasing the transportation tonnage under the Transportation Service Agreement. The Transportation Services will also include the transportation of raw materials from time to time requested by the Xinyi Solar Group. The Xinyi Solar Board and the Xinyi Glass Board consider that it would be more appropriate to enter into a short-term agreement for the provision of the Transportation Services of not more than a year, as this would provide flexibility to the Xinyi Solar Group to choose the services and negotiate with its customers and suppliers.

As each of Datuk LEE Yin Yee, B.B.S., Mr. TUNG Ching Sai and Mr. LI Man Yin, being members of the Xinyi Solar Board, has interests in the share capital of Xinyi Glass, each of them has abstained from voting at the meeting of the Xinyi Solar Board on the relevant resolutions approving the Supplemental Agreement.

All members of the Xinyi Solar Board consider that the Transportation Service Agreement, as supplemented by the Supplemental Agreement, has been entered into in the ordinary and usual course of the business of Xinyi Solar and on normal commercial terms which are fair and reasonable and in the interest of Xinyi Solar and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, Xinyi Glass is a substantial shareholder of Xinyi Solar holding in aggregate 29.53% of the issued share capital of Xinyi Solar by itself or through its wholly-owned subsidiaries, namely Xinyi Glass (BVI) and Xinyi Glass (Hong Kong). Hence, Xinyi Glass and its subsidiaries are connected persons of Xinyi Solar pursuant to rule 14A.07(1) of the Listing Rules.

The Transportation Service Agreement, as supplemented by the Supplemental Agreement, constitutes a continuing connected transaction for Xinyi Solar. As the applicable percentage ratios represented by the Revised Annual Cap are less than

5.0%, the Transportation Service Agreement, as supplemented by the Supplemental Agreement, constitutes a continuing connected transaction for Xinyi Solar which is exempt from the independent Shareholders' approval but subject to the reporting, announcement and annual review requirements under Rule 14A.76(2) of the Listing Rules.

The transaction contemplated under the Transportation Service Agreement, as supplemented by the Supplemental Agreement, does not constitute continuing connected transactions for Xinyi Glass. This announcement is therefore issued by Xinyi Glass on a voluntary basis.

GENERAL INFORMATION

Principal business activities of Xinyi Solar Group

Xinyi Solar Group is principally engaged in the production and sales of solar glass products at its production complex in the PRC as well as the development and operation of solar farms in the PRC. All shares of Xinyi Solar are listed on the Main Board.

Principal business activities of Xinyi Glass Group

Xinyi Glass Group is principally engaged in the production and sales of a wide range of glass products, including automobile glass, construction glass, float glass, and other glass products for different commercial and industrial applications. All shares of Xinyi Glass are listed on the Main Board.

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

By order of the board of directors of
Xinyi Glass Holdings Limited
Datuk LEE Yin Yee, B.B.S.
Chairman

Hong Kong, 18 May 2016

Unless the context requires otherwise, the translation of RMB into HK\$ in this announcement is based on the rate of RMB0.84 = HK\$1.0. No representation is made that any amount in RMB and HK\$ can be or could have been converted at the relevant dates at these rates or any other rates at all.

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

As of the date of this announcement, the Xinyi Glass Board comprises four executive directors, namely Datuk Lee Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai and Mr. LEE Shing Kan, four non-executive directors, namely Mr. NG Ngan Ho, Mr. LI Ching Wai, Mr. SZE Nang Sze and Mr. LI Ching Leung, and five independent non-executive directors, namely Mr. LAM Kwong Siu, S.B.S., Mr. WONG Chat Chor Samuel, Mr. WONG Ying Wai, G.B.S., JP., Mr. TRAN Chuen Wah, John and Mr. TAM Wai Hung, David.

This announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of Xinyi Solar at www.xinyisolar.com and the website of Xinyi Glass at www.xinyiglass.com.hk.