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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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

#### **FINANCIAL HIGHLIGHTS**

	<b>Six months ended 30 June</b>		<b>Change</b>
	<b>2024</b>	<b>2023</b>	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
<b>Revenue</b>	<b>12,686.8</b>	12,141.9	+4.5%
<b>Profit attributable to equity holders of the Company</b>	<b>1,962.5</b>	1,391.5	+41.0%
<b>Earnings per share - Basic</b>	<b>22.03 HK cents</b>	15.63 HK cents	+40.9%
<b>Interim dividend per share</b>	<b>10.0 HK cents</b>	7.5 HK cents	

The board (the “**Board**”) of directors (the “**Directors**”) of Xinyi Solar Holdings Limited (the “**Company**” or “**Xinyi Solar**”, together with its subsidiaries, the “**Group**”) announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024 (the “**1H2024**”), together with the comparative figures for the six months ended 30 June 2023 (the “**1H2023**”), as follows:

### Condensed Consolidated Income Statement

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	Note	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	3	<b>12,686,817</b>	12,141,921
Cost of sales	6	<b>(9,280,838)</b>	(9,469,604)
<b>Gross profit</b>		<b>3,405,979</b>	2,672,317
Other income	4	<b>173,000</b>	138,712
Other losses, net	5	<b>(41,505)</b>	(18,648)
Selling and marketing expenses	6	<b>(55,913)</b>	(57,524)
Administrative and other operating expenses	6	<b>(594,225)</b>	(565,328)
Net impairment losses on financial and contract assets		<b>(20,683)</b>	(12,214)
<b>Operating profit</b>		<b>2,866,653</b>	2,157,315
Finance income	7	<b>19,900</b>	15,727
Finance costs	7	<b>(239,780)</b>	(172,226)
Share of results of investments accounted for using the equity method	13	<b>14,759</b>	17,343
<b>Profit before income tax</b>		<b>2,661,532</b>	2,018,159
Income tax expense	8	<b>(506,506)</b>	(334,497)
<b>Profit for the period</b>		<b>2,155,026</b>	1,683,662
<b>Profit for the period attributable to:</b>			
– the equity holders of the Company		<b>1,962,481</b>	1,391,509
– non-controlling interests		<b>192,545</b>	292,153
		<b>2,155,026</b>	1,683,662
<b>Earnings per share attributable to the equity holders of the Company</b> (Expressed in HK cents per share)			
– Basic	9(a)	<b>22.03</b>	15.63
– Diluted	9(b)	<b>22.03</b>	15.63

## Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Profit for the period</b>	<b>2,155,026</b>	1,683,662
<b>Other comprehensive income for the period, net of tax:</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	<b>(228,708)</b>	(308,605)
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<b>(882,941)</b>	(1,175,103)
Share of other comprehensive loss of investments accounted for using the equity method		
– Share of currency translation differences	<b>(8,096)</b>	(28,198)
<b>Total comprehensive income for the period</b>	<b><u>1,035,281</u></b>	<u>171,756</u>
<b>Total comprehensive income/(loss) for the period attributable to:</b>		
– the equity holders of the Company	<b>1,071,444</b>	188,208
– non-controlling interests	<b>(36,163)</b>	(16,452)
	<b><u>1,035,281</u></b>	<u>171,756</u>

## Condensed Consolidated Balance Sheet

		As at	
		30 June 2024	31 December 2023
	Note	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i> <i>(Audited)</i>
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>38,157,658</b>	36,559,996
Right-of-use assets	12	<b>2,333,953</b>	2,362,465
Intangible assets		<b>29,367</b>	31,379
Prepayments for land use rights and property, plant and equipment	15	<b>828,683</b>	947,022
Finance lease receivables		<b>195,889</b>	211,089
Investments accounted for using the equity method	13	<b>349,805</b>	342,415
Deferred income tax assets		<b>161,811</b>	156,995
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<b>Total non-current assets</b>		<b>42,057,166</b>	40,611,361
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<b>Current assets</b>			
Inventories		<b>3,340,940</b>	2,097,703
Contract assets		<b>36,611</b>	33,493
Trade receivables	14	<b>9,490,068</b>	8,082,532
Bills receivables at amortised cost	14	<b>3,043,131</b>	3,356,312
Bills receivables at fair value through other comprehensive income (“FVOCI”)	14, 23	<b>217,289</b>	512,439
Financial assets at fair value through profit or loss	23	<b>44,092</b>	55,784
Prepayments, deposits and other receivables	15	<b>1,795,234</b>	1,778,485
Finance lease receivables		<b>12,985</b>	13,049
Current tax assets		<b>39,317</b>	3,501
Amount due from related companies	22(b)	<b>2,572</b>	11,326
Amount due from an investment accounted for using the equity method	22(b)	<b>29,786</b>	—
Restricted cash	16	<b>327,266</b>	1,054,985
Cash and cash equivalents		<b>2,028,561</b>	2,822,024
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<b>Total current assets</b>		<b>20,407,852</b>	19,821,633
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<b>Total assets</b>		<b>62,465,018</b>	60,432,994
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		As at	
		30 June 2024	31 December 2023
	Note	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i> <i>(Audited)</i>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	18	890,989	890,325
Share premium and other reserves		7,993,500	10,097,154
Retained earnings		<u>22,942,922</u>	<u>20,987,096</u>
		<b>31,827,411</b>	31,974,575
Non-controlling interests		<u>5,666,242</u>	<u>5,883,832</u>
<b>Total equity</b>		<u><b>37,493,653</b></u>	<u>37,858,407</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	19	5,470,843	3,620,088
Deferred income tax liabilities		175,379	192,787
Lease liabilities		893,693	924,889
Other payables		<u>859,083</u>	<u>614,221</u>
<b>Total non-current liabilities</b>		<u><b>7,398,998</b></u>	<u>5,351,985</u>
<b>Current liabilities</b>			
Borrowings	19	5,684,521	6,882,769
Trade, bills and other payables	17	8,015,884	8,307,187
Contract liabilities		152,166	84,027
Lease liabilities		79,788	85,261
Amounts due to related companies	22(b)	1,954,757	1,652,034
Dividend payable		1,440,489	—
Current income tax liabilities		<u>244,762</u>	<u>211,324</u>
<b>Total current liabilities</b>		<u><b>17,572,367</b></u>	<u>17,222,602</u>
<b>Total liabilities</b>		<u><b>24,971,365</b></u>	<u>22,574,587</u>
<b>Total equity and liabilities</b>		<u><b>62,465,018</b></u>	<u>60,432,994</u>

## Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company (Unaudited)						Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2024	890,325	7,441,729	2,655,425	20,987,096	31,974,575	5,883,832	37,858,407
<b>Comprehensive income</b>							
Profit for the period	—	—	—	1,962,481	1,962,481	192,545	2,155,026
<b>Other comprehensive income</b>							
Currency translation differences	—	—	(882,941)	—	(882,941)	(228,708)	(1,111,649)
Share of other comprehensive loss of investments accounted for using the equity method	—	—	(8,096)	—	(8,096)	—	(8,096)
<b>Total comprehensive (loss)/income for the period</b>	<b>—</b>	<b>—</b>	<b>(891,037)</b>	<b>1,962,481</b>	<b>1,071,444</b>	<b>(36,163)</b>	<b>1,035,281</b>
<b>Transactions with owners</b>							
Employee's share option scheme							
– exercise of employees' share options	664	35,260	(6,770)	—	29,154	—	29,154
– value of employee services	—	—	26,318	—	26,318	33	26,351
Dividend relating to 2023	—	(1,336,484)	—	—	(1,336,484)	—	(1,336,484)
Dividend payable to non-controlling interests	—	—	—	—	—	(103,901)	(103,901)
Appropriation to statutory reserves	—	—	1,819	(1,819)	—	—	—
Net movement of safety fund surplus reserve	—	—	4,836	(4,836)	—	—	—
Changes in ownership interest in a subsidiary without loss of control (Note 21)	—	—	62,404	—	62,404	(77,559)	(15,155)
<b>Balance at 30 June 2024</b>	<b>890,989</b>	<b>6,140,505</b>	<b>1,852,995</b>	<b>22,942,922</b>	<b>31,827,411</b>	<b>5,666,242</b>	<b>37,493,653</b>

Attributable to equity holders of the Company (Unaudited)

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2023	889,624	8,299,427	2,632,023	17,927,338	29,748,412	5,482,965	35,231,377
<b>Comprehensive income</b>							
Profit for the period	—	—	—	1,391,509	1,391,509	292,153	1,683,662
<b>Other comprehensive income</b>							
Currency translation differences	—	—	(1,175,103)	—	(1,175,103)	(308,605)	(1,483,708)
Share of other comprehensive loss of investments accounted for using the equity method	—	—	(28,198)	—	(28,198)	—	(28,198)
<b>Total comprehensive (loss)/income for the period</b>	—	—	(1,203,301)	1,391,509	188,208	(16,452)	171,756
<b>Transactions with owners</b>							
Employee's share option scheme							
– exercise of employees' share options	686	31,750	(5,835)	—	26,601	—	26,601
– value of employee services	—	—	23,988	—	23,988	532	24,520
Dividend relating to 2022	—	(890,254)	—	—	(890,254)	—	(890,254)
Dividend payable to non- controlling interests	—	—	—	—	—	(297,462)	(297,462)
Net movement of safety fund surplus reserve	—	—	8,087	(8,087)	—	—	—
Capital contributions from non- controlling interests, net of transaction costs	—	—	—	—	—	60,417	60,417
Changes in ownership interest in subsidiaries without loss of control	—	—	(68,712)	—	(68,712)	557,540	488,828
<b>Balance at 30 June 2023</b>	<u>890,310</u>	<u>7,440,923</u>	<u>1,386,250</u>	<u>19,310,760</u>	<u>29,028,243</u>	<u>5,787,540</u>	<u>34,815,783</u>

## Condensed Consolidated Statement of Cash Flows

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>2,057,602</b>	2,612,152
Interest paid	<b>(263,535)</b>	(203,631)
Income tax paid	<b>(539,255)</b>	(219,559)
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<b>Net cash generated from operating activities</b>	<b>1,254,812</b>	2,188,962
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<b>Cash flows from investing activities</b>		
Payment for acquisition of right-of-use assets	<b>(81,811)</b>	(49,490)
Payments for purchases of property, plant and equipment	<b>(2,964,671)</b>	(4,341,925)
Receipts of government grants relating to property, plant and equipment	<b>49,542</b>	226,593
Payments for purchases of intangible assets	—	(5,493)
Proceeds from disposal of property, plant and equipment	<b>3,173</b>	9,488
Addition to investment accounted for using the equity method	<b>(727)</b>	—
Cash advanced to an investment accounted for using the equity method	<b>(29,912)</b>	—
Dividend received from an investment accounted for using the equity method	—	100,359
Net proceeds from financial assets at fair value through profit or loss	<b>6,474</b>	19,937
Investment in financial assets at fair value through profit and loss	—	(66,122)
Interest received	<b>19,900</b>	15,727
Increase in restricted cash pledged for letter of guarantees and bank acceptance bills	—	(404,964)
Restricted cash released from letter of guarantees and bank acceptance bills	—	39,767
Withholding tax paid	—	(146,302)
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<b>Net cash used in investing activities</b>	<b>(2,998,032)</b>	(4,602,425)
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	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from financing activities</b>		
Proceeds from changes in ownership interest in subsidiaries without loss of control	—	497,624
Capital contributions from non-controlling interests	—	60,417
Proceeds from exercise of employees' share options	<b>29,154</b>	26,601
Proceeds from borrowings	<b>4,913,988</b>	3,575,927
Repayment of borrowings	<b>(4,168,022)</b>	(3,274,311)
Cash advance from non-controlling interests	<b>283,022</b>	341,711
Principal element of lease payments	<b>(46,227)</b>	(11,946)
	<u><b>1,011,915</b></u>	<u>1,216,023</u>
<b>Net cash generated from financing activities</b>	<b>1,011,915</b>	1,216,023
<b>Net decrease in cash and cash equivalents</b>	<b>(731,305)</b>	(1,197,440)
Cash and cash equivalents at beginning of the period	<b>2,822,024</b>	5,325,714
Effect of foreign exchange rate changes	<b>(62,158)</b>	(176,353)
	<u><b>2,028,561</b></u>	<u>3,951,921</u>
<b>Cash and cash equivalents at end of the period</b>	<b>2,028,561</b>	3,951,921

# Notes to the Condensed Consolidated Financial Information

## 1 GENERAL INFORMATION

Xinyi Solar Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are principally engaged in the production and sale of solar glass products, which are carried out internationally, through the production complexes located in the People’s Republic of China (the “**PRC**”) and Malaysia. In addition, the Group is also engaged in the development and operation of solar farms in the PRC.

This unaudited condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. This unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors on 31 July 2024.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Hong Kong Accounting Standards (“**HKAS**”) 34, ‘Interim financial reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements.

### (a) Amendments to standards and interpretation adopted by the Group

The Group has adopted the below amendments to standards and revised interpretation for the first time for its accounting period commencing 1 January 2024.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16	Lease Liability in Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of these amendments to standards and revised interpretation did not have a material impact on the Group in the current or prior periods.

- (b) Amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2024 and not early adopted by the Group

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS10 and HKAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of assessing the impact of these amendments to standards. The preliminary assessment indicated that the adoption of which is not expected to have any significant impact on the financial performance and the financial position of the Group.

### 3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sales of solar glass	<b>11,090,432</b>	10,578,891
Solar farm business		
– Sales of electricity	<b>974,013</b>	872,756
– Tariff adjustment	<b>574,005</b>	617,919
	<b>1,548,018</b>	1,490,675
Others		
– Sales of raw materials	<b>38,965</b>	51,780
– Other service income	<b>9,402</b>	20,575
	<b>48,367</b>	72,355
Total revenue	<b>12,686,817</b>	12,141,921

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

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

For the six months ended 30 June 2024, there are two operating segments based on business type: (1) sales of solar glass and (2) solar farm business, which includes solar farm development and solar power generation. The “Other Segment” and “Unallocated” mainly include polysilicon business (which is still under development and construction), engineering, procurement and construction (“EPC”) services and sales of raw materials, which are not core businesses of the Group.

The Executive Directors assess the performance of the operating segments based on a measure of gross profit. The Group does not allocate operating costs to its segments as this information is not reviewed by the Executive Directors.

The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the interim condensed consolidated income statement.

The segment information for the six months ended 30 June 2024 and 2023 is as follows:

	<b>Six months ended 30 June 2024 (Unaudited)</b>				
	<b>Sales of solar glass</b>	<b>Solar farm business</b>	<b>Other segment</b>	<b>Unallocated</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Segment revenue					
Recognised at a point in time	11,090,432	1,548,018	—	38,965	12,677,415
Recognised over time	—	—	—	9,402	9,402
Revenue from external customers	11,090,432	1,548,018	—	48,367	12,686,817
Cost of sales	(8,706,723)	(533,466)	—	(40,649)	(9,280,838)
Gross profit	<u>2,383,709</u>	<u>1,014,552</u>	<u>—</u>	<u>7,718</u>	<u>3,405,979</u>
Segment revenue by geographical area					
Mainland China	8,437,896	1,546,684	—	39,615	10,024,195
Other areas in Asia	2,190,632	—	—	—	2,190,632
North America and Europe	255,485	1,334	—	8,752	265,571
Others	206,419	—	—	—	206,419
	<u>11,090,432</u>	<u>1,548,018</u>	<u>—</u>	<u>48,367</u>	<u>12,686,817</u>
Depreciation charge of property, plant and equipment	554,302	399,564	672	3,069	957,607
Depreciation charge of rights-of-use assets	19,260	30,108	105	520	49,993
Amortisation charge of intangible assets	627	—	—	721	1,348
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	<u>2,230,073</u>	<u>983,224</u>	<u>525,568</u>	<u>51,141</u>	<u>3,790,006</u>

	Six months ended 30 June 2023 (Unaudited)			
	Sales of solar glass <i>HK\$'000</i>	Solar farm business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue				
Recognised at a point in time	10,578,891	1,490,675	51,780	12,121,346
Recognised over time	—	—	20,575	20,575
Revenue from external customers	10,578,891	1,490,675	72,355	12,141,921
Cost of sales	(8,966,446)	(440,776)	(62,382)	(9,469,604)
Gross profit	<u>1,612,445</u>	<u>1,049,899</u>	<u>9,973</u>	<u>2,672,317</u>
Segment revenue by geographical area				
Mainland China	8,040,565	1,489,285	57,015	9,586,865
Other areas in Asia	1,996,306	—	—	1,996,306
North America and Europe	531,333	1,390	15,340	548,063
Others	10,687	—	—	10,687
	<u>10,578,891</u>	<u>1,490,675</u>	<u>72,355</u>	<u>12,141,921</u>
Depreciation charge of property, plant and equipment	486,567	332,043	3,442	822,052
Depreciation charge of rights-of-use assets	10,423	28,881	2,120	41,424
Amortisation charge of intangible assets	—	—	655	655
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	<u>2,330,821</u>	<u>1,290,976</u>	<u>839,575</u>	<u>4,461,372</u>

Reportable segment assets/liabilities are as follows:

	Segment assets and liabilities					
	Sales of solar glass <i>HK\$'000</i>	Solar farm business <i>HK\$'000</i>	Other segment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Inter-segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 30 June 2024 (Unaudited)</b>						
Total assets	34,313,266	25,667,417	5,474,828	5,748,854	(8,739,347)	62,465,018
Total liabilities	<u>13,207,952</u>	<u>11,751,914</u>	<u>5,282,681</u>	<u>3,468,165</u>	<u>(8,739,347)</u>	<u>24,971,365</u>
<b>At 31 December 2023 (Audited)</b>						
Total assets	32,377,803	25,125,177	5,854,236	2,568,669	(5,492,891)	60,432,994
Total liabilities	<u>9,714,362</u>	<u>10,722,360</u>	<u>5,277,708</u>	<u>2,353,048</u>	<u>(5,492,891)</u>	<u>22,574,587</u>

Reportable segment assets/(liabilities) are reconciled to total assets/(liabilities) as follows:

	Assets as at		Liabilities as at	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Segment assets/(liabilities)	<b>65,455,511</b>	63,357,216	<b>(30,242,546)</b>	(25,714,430)
Unallocated items:				
Property, plant and equipment	<b>145,735</b>	67,652	—	—
Right-of-use assets	<b>47,631</b>	49,914	—	—
Intangible assets	<b>7,906</b>	8,802	—	—
Prepayments for land use rights and property, plant and equipment	<b>24,397</b>	25,536	—	—
Finance lease receivables	<b>208,874</b>	224,138	—	—
Investments accounted for using the equity method	<b>349,085</b>	342,415	—	—
Inventories	<b>17,479</b>	8,785	—	—
Trade and bills receivables	<b>6,741</b>	10,420	—	—
Prepayments, deposits and other receivables	<b>32,274</b>	27,884	—	—
Contract assets	<b>11,707</b>	7,939	—	—
Amount due from related companies	<b>4,866,336</b>	1,751,945	—	—
Restricted cash	<b>2,140</b>	—	—	—
Cash and cash equivalents	<b>17,360</b>	29,456	—	—
Current income tax assets	<b>2,985</b>	—	—	—
Deferred income tax assets	<b>8,204</b>	13,783	—	—
Dividend payable	—	—	<b>(1,440,489)</b>	—
Trade, bills and other payables	—	—	<b>(87,644)</b>	(119,730)
Contract liabilities	—	—	<b>(7,672)</b>	(7,880)
Current income tax liabilities	—	—	—	(2,841)
Lease liabilities	—	—	<b>(1,687)</b>	(2,684)
Amounts due to related companies	—	—	<b>(458,539)</b>	(155,311)
Deferred income tax liabilities	—	—	<b>(12,952)</b>	(15,263)
Borrowings	—	—	<b>(1,459,183)</b>	(2,049,339)
Inter-segment elimination	<b>(8,739,347)</b>	(5,492,891)	<b>8,739,347</b>	5,492,891
Total assets/(liabilities)	<b><u>62,465,018</u></b>	<u>60,432,994</u>	<b><u>(24,971,365)</u></b>	<u>(22,574,587)</u>

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Segment gross profit	3,398,261	2,662,344
Unallocated gross profit	7,718	9,973
Total gross profit	<b>3,405,979</b>	2,672,317
Other unallocated items:		
Other income	173,000	138,712
Other losses, net	(41,505)	(18,648)
Selling and marketing expenses	(55,913)	(57,524)
Administrative and other operating expenses	(594,225)	(565,328)
Net impairment losses on financial and contract assets	(20,683)	(12,214)
Finance income	19,900	15,727
Finance costs	(239,780)	(172,226)
Share of results of investments accounted for using the equity method	14,759	17,343
Profit before income tax	<b>2,661,532</b>	2,018,159

An analysis of the Group's non-current assets other than finance lease receivables and deferred income tax assets by geographical area in which the assets are located is as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
The PRC	39,155,720	38,275,565
Other countries	2,543,746	1,967,712
	<b>41,699,466</b>	40,243,277

#### 4 OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Government grants	<b>71,065</b>	86,040
Scrap sales	<b>70,107</b>	27,824
Tariff adjustments for electricity generation from self-used solar power system	<b>1,776</b>	7,711
Rental income	<b>4,858</b>	1,166
Others (Note)	<b>25,194</b>	15,971
	<b><u>173,000</u></b>	<b><u>138,712</u></b>

*Note:* They mainly comprise compensation income from suppliers, insurance claims and other miscellaneous income.

#### 5 OTHER LOSSES, NET

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net fair value (losses)/gains on financial assets at fair value through profit or loss	<b>(5,218)</b>	20,454
Foreign exchange gains, net	<b>7,919</b>	21,761
Losses on disposal of bills receivables at FVOCI	<b>(32,904)</b>	(29,901)
Losses on disposal of property, plant and equipment	<b>(11,302)</b>	(30,962)
	<b><u>(41,505)</u></b>	<b><u>(18,648)</u></b>



## 6 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Amortisation charge of intangible assets	1,348	655
Depreciation charge of property, plant and equipment	957,607	822,052
Depreciation charge of rights-of-use assets	49,993	41,424
Employee benefit expenses (including directors' emoluments)	642,680	558,478
Cost of inventories	7,278,545	7,665,805
Other direct operating costs of solar farms	59,354	39,097
Construction contracts costs	2,376	11,347
Reversal of impairment losses on inventories	(1,093)	(657)
Payments in relation to short term leases of land and buildings	1,492	3,369
Transportation costs	377,614	377,303
Research and development expenditures	326,606	317,379
Tax and levies	100,571	83,835
Other expenses	133,883	172,369
	<u>9,930,976</u>	<u>10,092,456</u>

## 7 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Finance income		
Interest income from bank deposits	19,900	15,727
Finance costs		
Interest for lease liabilities	33,607	30,452
Interest on borrowings	249,705	194,461
	283,312	224,913
Less: Amounts capitalised on qualifying assets	(43,532)	(52,687)
	<u>239,780</u>	<u>172,226</u>

## 8 INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current income tax		
PRC corporate income tax (“CIT”) (Note (b))	<b>502,102</b>	278,840
Overseas income tax (Note (c))	<b>105</b>	34,626
PRC withholding tax (Note (d))	<b>24,892</b>	1,445
	<b>527,099</b>	314,911
Deferred income tax (Note (e))	<b>(20,593)</b>	19,586
Income tax expense	<b>506,506</b>	334,497

### Notes:

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

(b) The applicable CIT rate for the Group’s major subsidiaries in the PRC is 25% except that:

- For the six months ended 30 June 2024, three (2023: three) subsidiaries engaging in solar glass business and a (2023: one) subsidiary engaging in solar farm business are qualified as “High and New Technology Enterprise” and can enjoy a preferential CIT rate of 15% (2023: 15%).
- For the six months ended 30 June 2024, two (2023: two) subsidiaries engaging in solar glass business, a (2023: one) subsidiary engaging in solar farm business, a (2023: one) subsidiary engaging in mining product business and a (2023: one) subsidiary engaging in silicon product business are qualified as “Encouraged Enterprise” in the Catalogue of Industries Encouraged for Foreign Investment in Central and Western Region and can enjoy a preferential CIT rate of 15% (2023: 15%).

Three of the Encouraged Subsidiaries (2023: three) which are located in Guangxi Zhuang Autonomous Region can also enjoy 40% reduction in CIT for five years starting from its first year of revenue generation. As a result, their preferential CIT rates were reduced to 9% (2023: 9%).

- Subsidiaries engaging in the operation and management of solar farms are fully exempted from the CIT for three years starting from its first year of revenue generation, followed by 50% reduction in CIT in next three years. However, their government grants and insurance claims received are subject to the CIT rate of 25% (2023: 25%).

(c) Taxation on overseas profits mainly include Malaysia income tax which has been calculated on the estimated assessable profits for the period at the standard Malaysia corporate income tax rates of 24% (2023: 24%). A subsidiary of the Group in Malaysia is entitled to investment tax allowance on its qualifying capital expenditure incurred during the eligible period to be utilised against its assessable profit.

(d) Withholding tax on remitted earnings

Withholding tax is levied on dividends declared to foreign investors by the foreign investment enterprises established in the PRC, in respect of earnings generated after 31 December 2007. For the six months ended 30 June 2024, dividends remitted from the PRC subsidiaries were subject to 5% withholding tax.

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

## 9 EARNINGS PER SHARE

### (a) Basic

The basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit attributable to equity holders of the Company (HK\$'000)	<b>1,962,481</b>	1,391,509
Weighted average number of ordinary shares in issue (thousands)	<b>8,907,292</b>	8,900,217
Basic earnings per share (HK cents)	<b>22.03</b>	15.63

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise of share options.

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit attributable to equity holders of the Company (HK\$'000)	<b>1,962,481</b>	1,391,509
Weighted average number of ordinary shares in issue (thousands)	<b>8,907,292</b>	8,900,217
Adjustments for share options (thousands)	—	2,926
	<b>8,907,292</b>	8,903,143
Diluted earnings per share (HK cents)	<b>22.03</b>	15.63

*Note:* Share options granted by Xinyi Energy Holdings Limited (“Xinyi Energy”), a subsidiary of the Group, have no dilution impact on the calculation of diluted earnings per share (2023: No dilution impact).

## 10 DIVIDENDS

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Final dividend for 2023 of 15.0 HK cents (2022: 10.0 HK cents) per share	<b>1,336,484</b>	890,254
Proposed interim dividend of 10.0 HK cents (2023: 7.5 HK cents) per share	<b>890,989</b>	<b>667,743</b>

At a meeting of the Board held on 31 July 2024, the Directors resolved to declare an interim dividend of 10.0 HK cents per share for the six months ended 30 June 2024. The amount of 2024 interim dividend is based on 8,909,891,838 shares in issue as at 30 June 2024. This interim dividend is not reflected as a dividend payable in this unaudited condensed consolidated financial information, but will be deducted from the retained earnings of the Company in the year ending 31 December 2024.

## 11 PROPERTY, PLANT AND EQUIPMENT

	<b>Six months ended 30 June 2024 (Unaudited)</b>						
	<b>Freehold Land</b>	<b>Buildings</b>	<b>Plant and machinery</b>	<b>Solar Farms</b>	<b>Office Equipment</b>	<b>Construction in progress</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Net book amount at 1 January	361,507	2,600,882	8,859,106	17,202,883	26,667	7,508,951	36,559,996
Additions	18,657	3,271	27,653	21	2,477	3,649,962	3,702,041
Transfer	—	336,988	1,991,848	1,141,402	1,027	(3,471,265)	—
Government grants netted off	—	—	(34,568)	—	—	—	(34,568)
Disposals	—	(3,101)	(10,516)	(852)	(6)	—	(14,475)
Depreciation charge	—	(46,982)	(573,704)	(394,758)	(2,537)	—	(1,017,981)
Currency translation differences	(8,525)	(69,623)	(327,072)	(435,701)	(671)	(195,763)	(1,037,355)
<b>Net book amount at 30 June</b>	<b>371,639</b>	<b>2,821,435</b>	<b>9,932,747</b>	<b>17,512,995</b>	<b>26,957</b>	<b>7,491,885</b>	<b>38,157,658</b>

## 12 RIGHT-OF-USE ASSETS

	<b>Six months ended 30 June 2024 HK\$'000 (Unaudited)</b>
Net book amount at 1 January	2,362,465
Additions	87,237
Depreciation charge	(56,131)
Currency translation differences	(59,618)
	<hr/>
<b>Net book amount at 30 June</b>	<b>2,333,953</b>
	<hr/> <hr/>

## 13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>Six months ended 30 June 2024 HK\$'000 (Unaudited)</b>
At 1 January	342,415
Additions	727
Share of results	14,759
Currency translation differences	(8,096)
	<hr/>
<b>At 30 June</b>	<b>349,805</b>
	<hr/> <hr/>

## 14 TRADE AND BILLS RECEIVABLES

	As at	
	30 June 2024 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2023 <i>HK\$'000</i> <i>(Audited)</i>
Trade receivables	9,567,822	8,140,310
Less: Loss allowance	<u>(77,754)</u>	<u>(57,778)</u>
Trade receivables, net	<u><b>9,490,068</b></u>	<u>8,082,532</u>
Bills receivables at amortised cost	3,046,850	3,360,613
Less: Loss allowance	<u>(3,719)</u>	<u>(4,301)</u>
Bills receivables at amortised cost, net	<u><b>3,043,131</b></u>	<u>3,356,312</u>
Bills receivables at FVOCI	<u><b>217,289</b></u>	<u>512,439</u>

Breakdown of trade receivables by segment is as follows:

	Sales of solar glass <i>HK\$'000</i>	Solar farm business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 30 June 2024 (Unaudited)</b>				
Sales of solar glass	4,329,433	—	—	4,329,433
Sales of electricity	—	341,017	—	341,017
Tariff adjustment	—	4,882,603	—	4,882,603
Other service revenue	—	—	14,769	14,769
<b>Total</b>	<u><b>4,329,433</b></u>	<u><b>5,223,620</b></u>	<u><b>14,769</b></u>	<u><b>9,567,822</b></u>
<b>At 31 December 2023 (Audited)</b>				
Sales of solar glass	3,465,208	—	—	3,465,208
Sales of electricity	—	234,801	—	234,801
Tariff adjustment	—	4,416,570	—	4,416,570
Other service revenue	—	—	23,731	23,731
<b>Total</b>	<u><b>3,465,208</b></u>	<u><b>4,651,371</b></u>	<u><b>23,731</b></u>	<u><b>8,140,310</b></u>

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

	As at	
	30 June 2024 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2023 <i>HK\$'000</i> <i>(Audited)</i>
0 - 90 days	9,153,099	8,086,733
91 - 180 days	394,050	32,609
181 - 365 days	13,756	9,361
1 - 2 years	620	5,210
Over 2 years	6,297	6,397
	<u>9,567,822</u>	<u>8,140,310</u>

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

	As at	
	30 June 2024 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2023 <i>HK\$'000</i> <i>(Audited)</i>
0 - 90 days	631,369	462,099
91 - 180 days	268,161	413,225
181 - 365 days	636,891	674,886
1 - 2 years	1,289,637	1,007,636
Over 2 years	2,397,562	2,093,525
	<u>5,223,620</u>	<u>4,651,371</u>

The maturity of the bills receivables is within 1 year. As at 30 June 2024, bills receivables of HK\$1,992,000 (31 December 2023: HK\$5,485,000) was pledged as collaterals for obtaining letter of credit facilities in the PRC.

Bills receivables of HK\$ 1,355,249,000 (31 December 2023: HK\$1,095,999,000) was transferred to banks for obtaining bank borrowings. The carrying amounts of bills receivables are denominated in RMB.

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

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

## 15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Prepayments	1,272,045	1,467,444
Deposits and other receivables	129,320	168,769
Other tax receivables (Note)	1,225,728	1,092,841
	<u>2,627,093</u>	<u>2,729,054</u>
Less: Non-current portion:		
Prepayments for land use rights and property, plant and equipment	(828,683)	(947,022)
Current portion	1,798,410	1,782,032
Less: Loss allowance of deposits and other receivables	(3,176)	(3,547)
	<u>1,795,234</u>	<u>1,778,485</u>

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

## 16 RESTRICTED CASH

Restricted cash mainly included pledged bank deposits for obtaining letter of credit facilities in the PRC.

## 17 TRADE, BILLS AND OTHER PAYABLES

	As at	
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade payables	1,721,706	1,650,230
Bills payables	2,458,711	2,632,882
	<u>4,180,417</u>	<u>4,283,112</u>
Accruals and other payables	3,835,467	4,024,075
	<u>8,015,884</u>	<u>8,307,187</u>

Accruals and other payables included payables of property, plant and equipment of HK\$3,198,062,000 (2023: HK\$3,361,499,000).



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

	As at	
	30 June 2024 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2023 <i>HK\$'000</i> <i>(Audited)</i>
0 - 90 days	1,703,337	1,350,482
91 - 180 days	3,176	275,107
181 - 365 days	6,598	16,948
Over 1 year	8,595	7,693
	<b>1,721,706</b>	<b>1,650,230</b>

The maturity of the bills payables is within 6 months.

## 18 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares <i>(thousands)</i>	Ordinary shares of HK\$ 0.1 each <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Issued and fully paid:</b>				
At 1 January 2024	8,903,251	890,325	7,441,729	8,332,054
Issuance of shares under employees' share option scheme	6,641	664	35,260	35,924
Dividend relating to 2023	—	—	(1,336,484)	(1,336,484)
<b>At 30 June 2024</b>	<b>8,909,892</b>	<b>890,989</b>	<b>6,140,505</b>	<b>7,031,494</b>

## 19 BORROWINGS

	As at	
	30 June 2024 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2023 <i>HK\$'000</i> <i>(Audited)</i>
Unsecured borrowings	11,154,237	10,500,688
Secured borrowings	<u>1,127</u>	<u>2,169</u>
Total borrowings	<u><u>11,155,364</u></u>	<u><u>10,502,857</u></u>

The maturity profile of borrowings is as follows:

	As at	
	30 June 2024 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2023 <i>HK\$'000</i> <i>(Audited)</i>
Repayable on demand and within 1 year	5,684,521	6,882,769
Between 1 and 2 years	1,705,807	1,730,271
Between 2 and 5 years	1,865,904	1,015,237
Over 5 years	<u>1,899,132</u>	<u>874,580</u>
	<u>11,155,364</u>	<u>10,502,857</u>
Less: Non-current portion	<u>(5,470,843)</u>	<u>(3,620,088)</u>
Current portion	<u><u>5,684,521</u></u>	<u><u>6,882,769</u></u>

The carrying amounts of the Group's borrowings are approximate their fair values as at 30 June 2024 and denominated in the following currencies:

	<b>As at</b>	
	<b>30 June 2024</b>	31 December 2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b><i>(Unaudited)</i></b>	<i>(Audited)</i>
HK\$	<b>6,115,036</b>	6,950,808
RMB	<b>5,040,328</b>	3,552,049
Total	<b><u>11,155,364</u></b>	<u>10,502,857</u>

As at 30 June 2024, the majority of borrowings bore floating interest rates. These borrowings are repayable by installments up to 2045 (31 December 2023: 2038).

The effective interest rates per annum at reporting date were as follows:

	<b>As at</b>	
	<b>30 June 2024</b>	31 December 2023
	<b><i>(Unaudited)</i></b>	<i>(Audited)</i>
Borrowings	<b><u>4.60%</u></b>	<u>5.12%</u>

Corporate guarantee was provided by the Company and its subsidiaries for the borrowings.

## 20 BANKING FACILITIES

	At 30 June 2024		At 31 December 2023	
	Total	Utilised	Total	Utilised
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Banking facilities granted to subsidiaries of the Group without securities	<u>17,661,203</u>	<u>9,830,270</u>	<u>12,528,200</u>	<u>9,423,508</u>

## 21 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In June 2024, a wholly-owned subsidiary of the Group completed the disposal (the “**Disposal**”) of the entire equity interest of Xinchuang Renewable Energy (Lianjiang) Limited (“**Xinchuang Lianjiang**”) to Xinyi Energy at a cash consideration of HK\$154.4 million. Xinchuang Lianjiang owns and operates a solar farm project with approved grid-connection capacity of 200 megawatts in the PRC. Upon completion of the Disposal, the Company’s indirect equity interest in Xinchuang Lianjiang had been reduced from 100% to 51.6% without loss of control. Hence, the Group recognised a transaction with non-controlling interests, resulting in a decrease of non-controlling interests amounting to HK\$77.6 million in relation to the Disposal.

## 22 RELATED PARTY TRANSACTIONS

As at 30 June 2024, the Group was controlled by Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor, D.C.S.M., Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P., 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 (together, the “**Controlling Shareholders**”), which in aggregate owns 26.17% of the Company’s shares. 23.38% of the shares are held by Xinyi Glass Holdings Limited (“**Xinyi Glass**”) and its subsidiary, and the remaining 50.45% of the shares are widely held.

(a) Transactions with Related Parties

Material related party transactions during the period are as follows:

	Note	Six months ended 30 June	
		2024 <i>HK\$'000</i> <i>(Unaudited)</i>	2023 <i>HK\$'000</i> <i>(Unaudited)</i>
Related party transactions with subsidiaries of Xinyi Glass*			
– Purchases of machineries	i, ii	<b>81,319</b>	120,700
– Purchases of glass products	i, iii	<b>3,528</b>	2,187
– Sales of silica sand	i, iv	<b>38,991</b>	38,225
– Shipping services charged	vii, viii	<b>4,959</b>	—
– Purchases of consumable products	vii, viii	<b>543</b>	205
– Purchases of fixed assets	vii, viii	—	413
– Purchases of packing materials	vii, viii	—	2,145
– Rental expenses paid	vii, ix	<b>1,834</b>	4,699
– Rental income received	vii, ix	<b>3,455</b>	522
– Other service income received	vii, x	—	4,190
– Acquisition of right-of-use assets	xi	—	72,454
Related party transactions with a subsidiary of Xinyi Energy^			
– Solar farm management fee paid	i, v	<b>6,425</b>	4,884
Related party transactions with subsidiaries of Xinyi Electric Storage Holdings Limited#			
– Purchases of and processing of battery pack, and energy storage facilities	i, vi	<b>8,534</b>	6,313
– Purchases of consumables	vii, viii	<b>20</b>	46
– Operation and management service fee paid	vii, viii	—	1,263
Related party transactions with Controlling Shareholders and/or their controlled corporations			
– Purchases of properties	vii, viii	—	14,950

*Notes:*

- (i) The transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (ii) The purchases of machineries were charged at considerations based on mutually agreed terms. Details of the transactions were disclosed in the Company's announcement dated 28 December 2023.
- (iii) The purchases of glass products were charged at mutually agreed prices and terms. Details of the transactions were disclosed in the Company's announcement dated 28 December 2023.
- (iv) The sales of silica sand were charged at mutually agreed prices and terms. Details of the transactions were disclosed in the Company's announcement dated 4 January 2024.
- (v) The management fee was charged in accordance with the renewal memorandum dated 31 December 2021 to confirm the renewal of the solar farm operation and management agreement dated 5 December 2018. Details of the transactions were disclosed in the Company's announcement dated 31 December 2021.
- (vi) The purchases of and processing of battery pack and energy storage facilities was charged at mutually agreed prices and terms. Details of the transactions were disclosed in the Company's announcements dated 31 October 2023 and 3 November 2023.
- (vii) The transactions were de minimis transactions entered into in the ordinary course of business and under normal commercial terms. They are exempted from all the reporting, announcement and independent shareholders' approval requirements by virtue of rule 14A.76 of the Listing Rules.
- (viii) The transactions were conducted at mutually agreed prices and terms.
- (ix) The leases of premises were charged at mutually agreed rental.
- (x) The other service income received were charged at mutually agreed prices.
- (xi) The transactions constituted connected transactions as defined in Chapter 14A of the Listing Rules. The acquisition of right-of-use assets were conducted at considerations based on mutually agreed terms. Details of the transactions were disclosed in the Company's announcement dated 30 June 2023.

(b) Balances with Related Parties

	As at	
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Amount due from an investment accounted for using the equity method		
– Parkland Renewable Energy Sdn. Bhd.	<u>29,786</u>	<u>—</u>
Amount due from related companies		
– Guangxi Xinyi Supply Chain Management Company Limited*	2,435	9,856
– Xinyi Glass (Hainan) Company Limited*	99	101
– Xinyi Special Glass (Jiangmen) Company Limited*	26	54
– Xinyi Glass (Jiangsu) Company Limited *	22	22
– Polaron Energy Corp.#	—	660
– Xinyi Glass (Guangxi) Company Limited*	—	549
– Xinyi Glass (Tianjin) Company Limited*	—	13
– Xinyi Ultra-thin Glass (Dongguan) Company Limited*	—	49
– Xinyi Energy Smart (Wuhu) Limited*	—	53
– Less: Loss allowance	<u>(10)</u>	<u>(31)</u>
	<u>2,572</u>	<u>11,326</u>
Amounts due to related companies		
– Xinyi Automobile Glass (Shenzhen) Company Limited*	(1,404,717)	(1,262,317)
– Xinyi Group (Glass) Company Limited*	(392,542)	(288,837)
– Anhui Xinyi Intelligent Machinery Company Limited*	(135,570)	(59,895)
– Xinyi Power (Suzhou) Limited#	(13,486)	(37,315)
– Hong Kong Xinyi Shipping Company Limited*	(4,971)	—
– Xinyi Energy Smart (Malaysia) Sdn. Bhd.*	(3,029)	(3,100)
– Xinyi Energy Smart (Wuhu) Limited*	(424)	—
– Xinyi Glass Engineering Dongguan Company Limited*	(15)	—
– Xinyi Energy Smart (Sichuan) Company Limited*	(3)	(570)
	<u>(1,954,757)</u>	<u>(1,652,034)</u>

\* Companies under control of a company which has a significant influence on the Group.

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

^ Connected subsidiary of the Company

The amounts due from/to related companies are unsecured, interest free and repayable on demand. The amounts approximate their fair values and are denominated in Renminbi, Malaysian Ringgit and Canadian dollar.

Key management compensation amounted to HK\$20,061,000 for the six months ended 30 June 2024 (2023: HK\$15,991,000).

## 23 FAIR VALUE ESTIMATION

The Group assesses the fair value of financial instruments at the balance sheet date by using valuation techniques. Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments or recent prices of similar financial assets in less active markets, adjusted to reflect those differences,
- for other financial instruments - discounted cash flow analysis.

Quantitative information about fair value measurement using significant unobservable inputs (level 3) is as follow:

Description	Fair value at 30 June 2024		Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	HK\$'000 (Unaudited)	Valuation techniques			
Bills receivables at FVOCI	217,289	Discounted cash flow method	Discount rate	1.25%-2.15%	The higher the discount rate, the lower the fair value, and vice versa
Financial assets at FVPL – Securities private fund product	44,092	Discounted cash flow method	Expected rate of return	1.37%	The higher the expected rate of return, the higher the fair value, and vice versa
Description	Fair value at 31 December 2023		Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	HK\$'000 (Audited)	Valuation techniques			
Bills receivables at FVOCI	512,439	Discounted cash flow method	Discount rate	0.40%-2.40%	The higher the discount rate, the lower the fair value, and vice versa
Financial assets at FVPL – Securities private fund product	55,784	Discounted cash flow method	Expected rate of return	1.69%	The higher the expected rate of return, the higher the fair value, and vice versa



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

During the 1H2024, the development of the solar industry has become more complicated and challenging as a result of the cyclical supply and demand imbalance, increased competition, rising trade barriers and restrictions, and a prolonged high interest rate environment. Nevertheless, the Group's performance during the 1H2024 improved over the 1H2023, with increased amount of profit contribution from the solar glass business. The unfavourable impact of decreasing average selling prices was offset by the high sales volume, improved production efficiency and reduced costs for certain raw materials and energy. These factors led to the improved performance of the Group's solar glass business during the 1H2024.

In the 1H2024, the Group achieved consolidated revenue of HK\$12,686.8 million, representing an increase of 4.5%, as compared to the 1H2023. Profit attributable to equity holders of the Company increased by 41.0% to HK\$1,962.5 million. Basic earnings per share were 22.03 HK cents for the 1H2024, as compared to 15.63 HK cents for the 1H2023.

### BUSINESS REVIEW

#### *Global PV installations continue to grow despite various challenges*

Responding to the climate change and the increasing proportion of the use of renewable energy are common goals for most of countries around the world. As long as solar power remains competitive with other energy sources, the development potential of the solar industry remains enormous.

With the substantial increase in the new production capacity in the upstream segments of the solar value chain, the price of the solar modules has fallen significantly since the middle of 2023, driving the explosive growth in the global photovoltaic (“PV”) installations from the second half of 2023 (the “**2H2023**”). The abundant supply and the intense competition have led to further price reductions for various components in the solar value chain. Although the percentage of decrease in the solar module prices has gradually slowed, the overall downward trend remained during the 1H2024. Falling installation costs can improve the return on investment of solar power projects and accelerate the transformation of the energy structure in different countries and regions, especially in some emerging markets, which would create more business opportunities for the entire solar value chain. A diversified end-market demand could also reduce the dependence on individual countries or regions, which is beneficial to the long-term stable development of the industry.

During the 1H2024, the solar industry faced a number of challenges, including the cyclical supply and demand imbalance in certain segments, trade barriers, financing difficulties due to the high interest rate environment, economic downturn, grid transmission and consumption issues, slow project approvals, and land and labour issues. These factors have caused uncertainties and short-term shocks to the industry. However, the most critical factors contributing to the long-term growth of solar installations remain to be the decreasing installation costs and the advances in solar energy technology. The dramatic drop in the installation costs over the past year has provided solid support for the high level of end demand. Having overcome the short-term constraints, the solar industry is poised for healthier growth.

According to the International Energy Agency's Snapshot of Global PV Markets 2024, at least 407.3<sup>Note</sup> gigawatts ("GW"), but perhaps as much as 446GW<sup>Note</sup> of PV systems, were commissioned worldwide in 2023. The market growth outside China reached 30%, while China's own domestic growth was over 120%, demonstrating the tremendous development of the PV market. In terms of the annual installed capacity, China remains the world's largest PV market, accounting for approximately 60% of the new global installations in 2023 (up from 45% in 2022), followed by the European Union ("EU") and the United States ("U.S."), which together accounted for just over 20% of the total installations. India ranked fourth with a slightly contracted market. At least 29 countries installed more than 1GW in 2023, up from 25 countries in 2022.

China's PV installation grew much faster than the rest of the world in 2023, with the record low module prices as the main driver. The implications on the cost reductions to the overseas markets has yet to fully materialise. As a result, the potential for the overseas demand growth remains high, particularly in India and countries in the Middle East and other emerging markets.

*Note:*

Capacity data are in DC. The minimum annual volume of 407.3GW was based on the official Chinese reporting; the maximum annual volume of 446GW has included a further 42GW that could have been installed, given the uncertainty surrounding the official AC to DC conversion ratios of the utility-scale systems.

### ***Grid capacity and power curtailment issues to be addressed for further PV installation growth in China***

In 2023, the sharp decrease in the solar module prices led to an unprecedented explosive growth in China's PV installations, with the new installations almost equivalent to the total of the preceding four years. The installed capacity of the renewable energy (including the PV, hydro and wind power) surpassed that of thermal power for the first time in 2023, with the PV power becoming the second largest power source. Despite the high base of PV installation amount in China last year, reduced installation costs helped drive the growth of downstream demand as solar module prices remained on a downward trajectory in the 1H2024. According to the National Energy Administration ("NEA"), China's new PV installations reached 102.48GW in the 1H2024, up 30.7% from the 1H2023.

The PV development in China is expected to maintain at high level in 2024 after an exceptionally strong year in 2023. Apart from the land resources, the main constraint in China is grid capacity. After the rapid growth of PV installations in the past two years, the problem of electricity consumption and peak shaving have gradually emerged in some areas, and the frequency and the scale of power curtailment have also increased.

Strengthening the grid access, further upgrading and expanding the grid capacity, and accelerating the establishment of a new energy system, including the optimisation of a comprehensive power dispatch and pricing mechanism, are necessary for a better utilisation of the solar energy and the promotion of the steady and healthy development of the PV industry.

### ***Trade restrictions and tariffs on solar modules impacted short-term solar glass demand***

The overall development of the solar value chain depends on the sustained growth in the downstream installation demand. However, due to the differences in the industrial structure, construction cycles of new production capacity, and the pace of product and technological innovation, changes in the supply and demand are not consistent across different segments of the industry.

The two-year grace period for the additional import tariffs on the solar modules exported to the U.S. from four Southeast Asian countries, namely Cambodia, Malaysia, Thailand, and Vietnam, expired in June 2024. In addition, the second round of the anti-dumping and countervailing duty investigations was initiated in the U.S. This resulted in the reduction or closure of certain solar module production capacity in these Asian countries. Intense competition and the technology shift from P-type to N-type have dramatically changed the business landscape and had a major impact on the profitability of the solar module industry. Many companies in the industry are incurring losses and some are even in severe financial distress. The above changes have added different uncertainties to the demand for solar glass in the 1H2024, and are likely to continue to have an impact in the second half of 2024 (the “2H2024”).

On the supply side of the solar glass products, the capacity growth has gradually slowed since 2023. The pace of the expansion of the leading players remains relatively stable, while other small manufacturers have delayed or significantly scaled back their new investments. This was mainly due to the increasingly stringent requirements for the new capacity approvals, fierce competition leading to the reduced returns on the investment and high financing costs. With the incremental supply gradually returning to the rational level, the overall supply and demand balance of the market can be better safeguarded.

In the 1H2024, the gross margin of the Group’s solar glass business increased, as compared to the 1H2023, but decreased, as compared to the 2H2023. The former was more related to the efficiency improvements and the decreases in the costs of certain raw materials and energy, while the latter was more related to the decline in the average selling prices (“ASP”) amid intensified market competition.

### ***Continuous capacity expansion to further enhance economies of scale and operational synergies***

In addition to the margin improvement, the Group's solar glass business also benefited from the increase in the shipment volume in the 1H2024. During the period, the Group's solar glass sales volume (in tonnes) increased by around 12.2% year-on-year. The shift in the solar module technology from P-type to N-type has further increased the penetration rate of the double-glass modules. As a result, thin glass (2.0mm) has become the principal type of product in the market, with a market share well above that of traditional glass (3.2mm). Meanwhile, the margin premium it enjoyed (compared to the 3.2mm solar glass) has almost disappeared.

To further enhance the economies of scale and the operational synergies, the Group continued to expand and upgrade its production facilities by adding new solar glass production lines in its production sites in China and the overseas. As of 30 June 2024, the total melting capacity of the Group's solar glass production lines amounted to 29,000 tonnes/day, of which 27,000 tonnes/day were in operation and 2,000 tonnes/day were under cold repair. In terms of the capacity in operation, the total daily melting capacity of the Group as of 30 June 2024 increased by 4.7% and 23.9%, as compared to 31 December 2023 and 30 June 2023, respectively. Timely and sustained expansion of the production capacity can enable the Group to capture the new market opportunities, expand market share and consolidate its leading market position.

The current cyclical changes in the industry supply and demand will inevitably create challenges for the entire solar value chain. However, the Group's strong customer base, economies of scale, continuous production innovation and technological improvements will ensure that its solar glass business remains competitive amidst the increased competition and the rapidly changing market conditions.

### ***Steady Growth of Solar Farm Business***

The Group completed the grid connection of two utility-scale ground-mounted solar farm projects with an aggregate capacity of 300 megawatts (“MW”) in the 1H2024. However, due to the increased uncertainty of returns in light of increased requirements for mandatory energy storage and market-based electricity trading, the Group’s preliminary plan is to slow down the development of new solar farm projects in the 2H2024. In addition, the land availability and the grid connection issues are major obstacles to development.

During the 1H2024, the Group’s solar farm business grew steadily as the grid-connected capacity continued to increase. The Group’s non-wholly owned subsidiary, Xinyi Energy Holdings Limited (“**Xinyi Energy**”), and its subsidiaries accounted for 78.7% of the electricity generation revenue and other wholly-owned subsidiaries of the Company accounted for remaining of 21.3%. In relation to the disposal of the solar farm projects with an aggregate capacity of 636.5MW to Xinyi Energy, pursuant to the sale and purchase agreement dated 28 April 2023, the Group completed the disposal of the solar farm projects with an aggregate capacity of 536.5MW as of 30 June 2024 and with the remaining expected to be completed before the end of 2024, subject to further discussions between the relevant parties.

As of 30 June 2024, the cumulative approved grid-connected capacity of the Group’s solar farm projects was 6,244MW, of which 5,841MW was for utility-scale ground-mounted projects and 403MW was for distributed generation projects generating electricity for the Group’s own consumption or sale to the grid. In terms of the ownership, the solar farm projects with a capacity of 3,895MW were held through Xinyi Energy; solar farm projects with a capacity of 2,249MW were held through other wholly-owned subsidiaries of the Company. A solar farm project with a capacity of 100MW was held by an entity owned as to 50% by the Group.

## FINANCIAL REVIEW

### Revenue

Revenue for the 1H2024 was mainly derived from two core business segments, namely sales of solar glass and solar farm business. Despite the challenging operating environment, both segments recorded revenue growth in the 1H2024.

#### *Revenue – By Product*

	1H2024		1H2023		Increase/(Decrease)	
	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>%</i>
Sales of solar glass	<b>11,090.4</b>	<b>87.4</b>	10,578.9	87.1	511.5	4.8
Solar farm business	<b>1,548.0</b>	<b>12.2</b>	1,490.7	12.3	57.3	3.8
Unallocated	<b>48.4</b>	<b>0.4</b>	72.4	0.6	(24.0)	(33.2)
Total external revenue*	<b><u>12,686.8</u></b>	<b><u>100.0</u></b>	<b><u>12,141.9</u></b>	<b><u>100.0</u></b>	544.9	4.5

\* The sum of the individual amounts may not be the same as the actual total due to rounding.

#### *Solar Glass Revenue – By Geographical Area*

	1H2024		1H2023		Increase/(Decrease)	
	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>%</i>
Mainland China	<b>8,437.9</b>	<b>76.1</b>	8,040.6	76.0	397.3	4.9
Other areas in Asia	<b>2,190.6</b>	<b>19.8</b>	1,996.3	18.9	194.3	9.7
North America and Europe	<b>255.5</b>	<b>2.3</b>	531.3	5.0	(275.8)	(51.9)
Others	<b>206.4</b>	<b>1.9</b>	10.7	0.1	195.7	1,831.5
	<b><u>11,090.4</u></b>	<b><u>100.0</u></b>	<b><u>10,578.9</u></b>	<b><u>100.0</u></b>	511.5	4.8

\* The sum of the individual amounts may not be the same as the actual total due to rounding.

The Group's solar glass revenue increased by 4.8% year-on-year to HK\$11,090.4 million in the 1H2024. The increase was mainly due to higher sales volume, partially offset by lower ASP and the depreciation of RMB against HK\$.

The increase in the Group's solar glass production capacity and the growth in the downstream PV demand contributed to the year-on-year growth of the Group's solar glass business in the 1H2024. During the 1H2024, the Group's solar glass sales volume (in tonnes) increased 12.2% year-on-year.

The increased market supply, intensified competition and uncertainty about downstream demand growth put pressure on product prices. As compared to the 1H2023, the prices of solar glass products in the 1H2024 showed an overall downward trend month by month, except for some rebounds in April and May. In terms of the product type, the price of 2.0mm solar glass declined even more than that of 3.2mm solar glass. Due to its continued market share growth, the 2.0mm solar glass has replaced 3.2mm solar glass as the mainstream product, and therefore its price reduction has a greater impact on the segment revenue than 3.2mm solar glass.

In addition to the decline in the ASP, exchange rate fluctuations also resulted in revenue growth being lower than volume growth in the Group's solar glass business. The monthly RMB/HK\$ exchange rates in the 1H2024 were lower than those in the 1H2023. The average RMB/HK\$ exchange rate for the 1H2024 decreased by approximately 4.2% year-on-year, which had a negative impact on the Group's total revenue.

In terms of the geographical mix of the solar glass sales, there was no significant change from the previous years. The sales to overseas market and domestic sales in Mainland China accounted for 23.9% (1H2023: 24.0%) and 76.1% (1H2023: 76.0%) of the Group's total solar glass sales in the 1H2024, respectively. The geographic mix of the Group's solar glass sales was generally consistent with the distribution of the global solar module production capacity.



The Group's electricity generation revenue for the 1H2024 was mainly derived from the solar farms located in the PRC, as shown below.

	<b>Approved grid-connected capacity</b>	
	<b>As of 30 June 2024 MW</b>	<b>As of 31 December 2023 MW</b>
Utility-scale ground-mounted solar farms		
Anhui	<b>2,037</b>	1,737
Hubei	<b>980</b>	980
Guangdong	<b>750</b>	750
Yunnan	<b>560</b>	560
Guangxi	<b>500</b>	500
Others (Tianjin, Henan, Hebei, etc.)	<b>914</b>	914
	<hr/>	<hr/>
Subtotal	<b>5,741</b>	5,441
Commercial distributed generation projects	<b>78</b>	78
	<hr/>	<hr/>
Total	<b>5,819</b>	5,519
	<hr/> <hr/>	<hr/> <hr/>
Utility-scale ground-mounted solar farms		
Total number of solar farms	<b>61</b>	59
Weighted average feed-in-tariff* (RMB/kWh)	<b>0.57</b>	0.59

\* The weighted average feed-in-tariff rate is proportionally weighted according to the base feed-in-tariff (after taking into account the possible deduction of tariff adjustment on solar farm projects not included in the First Qualified Project List (as defined below)) and the approved grid connection capacity of each solar farm and is provided for information purposes only. The actual prices of electricity sold by some solar farms have been determined in accordance with market-based trading mechanisms.

Revenue from the solar farm segment increased steadily by 3.8% from HK\$1,490.7 million in the 1H2023 to HK\$1,548.0 million in the 1H2024. The increase in the electricity generation revenue was mainly attributable to the capacity added in the 2H2023, which was partially offset by the year-on-year depreciation of RMB against HK\$ by approximately 4.2%.

Similar to other solar farm operators in China, the Group has encountered delays in receiving tariff adjustment from the PRC government for the electricity generated from subsidised solar farm projects under the fixed feed-in-tariff (“**FiT**”) regime. As of 30 June 2024, the Group’s outstanding tariff adjustment receivables amounted to HK\$4,882.6 million. Receivables from sales of electricity are generally settled on a monthly basis by the relevant state grid companies, while tariff adjustment (subsidy) receivables are settled in accordance with the prevailing PRC government policies. As of 30 June 2024, the Group’s solar farm projects under the FiT regime had a total approved capacity of 2,174MW, of which 1,244MW was included in the “Announcement on Publishing the List of the First Batch of Renewable Energy Generation Subsidy Compliant Projects” (《關於公佈第一批可再生能源發電補貼合規項目清單的公告》) (the “**First Qualified Project List**”) published on 28 October 2022.

### **Gross profit**

The Group’s gross profit increased by HK\$733.7 million, or 27.5%, from HK\$2,672.3 million in the 1H2023 to HK\$3,406.0 million in the 1H2024. The Group’s overall gross profit margin improved from 22.0% in the 1H2023 to 26.8% in the 1H2024. The improved results were mainly attributable to higher margins and increased sales volumes in the solar glass business.

In the 1H2024, the gross profit margin of the solar glass business increased by 6.3 percentage points to 21.5% (1H2023: 15.2%). The increase in margin was primarily due to (i) lower procurement costs for certain raw materials and energy such as soda ash and natural gas and (ii) efficiency improvements from new capacity ramp-up, streamlined operations and optimised cost control, which was partially offset by the decline in ASP.

For the solar farm business, the gross profit contribution decreased slightly by 3.4% in the 1H2024 to HK\$1,014.6 million (1H2023: HK\$1,049.9 million), with gross profit margin decreasing to 65.5% in the 1H2024 (1H2023: 70.4%). The decline in margin was mainly due to (i) reduced revenue from some solar farm projects as a result of increased power curtailments and market-based electricity sales and (ii) the increase in operating expenses such as depreciation, spare parts and consumables as a result of the increase in installed and operating capacity.

## **Other income**

In the 1H2024, the Group's other income increased by HK\$34.3 million to HK\$173.0 million, compared to the HK\$138.7 million in the 1H2023. The increase was mainly due to the increase in scrap sales, partially offset by the decline in government grant income.

## **Other losses, net**

Other losses, net increased by HK\$22.9 million to HK\$41.5 million in the 1H2024. The increase was mainly due to the net fair value losses on financial assets at fair value through profit or loss and the decrease in foreign exchange gains, partially offset by the decrease in losses on disposal of property, plant and equipment.

## **Selling and marketing expenses**

The Group's selling and marketing expenses decreased by 2.8% from HK\$57.5 million in the 1H2023 to HK\$55.9 million in the 1H2024. The decline primarily stemmed from the streamlined operations and strengthened cost control. The ratio of selling and marketing expenses to revenue was 0.4% in the 1H2024 (1H2023: 0.5%).

## **Administrative and other operating expenses**

Administrative and other operating expenses increased by HK\$28.9 million, or 5.1%, from HK\$565.3 million in the 1H2023 to HK\$594.2 million in the 1H2024. The increase was mainly due to the increase in (i) employee benefit expenses of HK\$35.9 million and (ii) research and development expenses of HK\$9.2 million as a result of expanded business operations, partially offset by the decrease in other miscellaneous operating expenses. The ratio of administrative and other operating expenses to revenue remained relatively stable at 4.7% in the 1H2024 (1H2023: 4.7%).

## **Finance costs**

The Group's finance costs increased from HK\$172.2 million (or HK\$224.9 million before capitalisation) in the 1H2023 to HK\$239.8 million (or HK\$283.3 million before capitalisation) in the 1H2024. The increase was principally due to the increase in interest rates of certain portion of bank borrowings and higher average bank borrowings. During the 1H2024, an interest expense of HK\$43.5 million (1H2023: HK\$52.7 million) was capitalised as part of the cost of solar farms, solar glass and polysilicon production facilities under construction. The capitalised amounts will depreciate together with the relevant assets over their estimated useful lives.

## **Share of results of investments accounted for using the equity method**

In the 1H2024, the Group's share of results of investments accounted for using the equity method was HK\$14.8 million (1H2023: HK\$17.3 million). The profit contribution from these investments was mainly derived from a 100MW solar farm project in Anhui Province, China, in which the Group has a 50% equity interest.

## **Income tax expense**

The Group's income tax expense increased from HK\$334.5 million in the 1H2023 to HK\$506.5 million in the 1H2024. The increase was primarily attributable to the increase in profit contribution from solar glass business. The Group's overall effective income tax rate increased from 16.6% in the 1H2023 to 19.0% in the 1H2024, mainly due to the higher effective income tax rate of the solar glass business in the 1H2024 and the expiry of income tax exemptions/reductions for certain solar farms.

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

## **EBITDA and net profit**

In the 1H2024, the Company's EBITDA (earnings before interest, taxes, depreciation and amortisation) reached HK\$3,910.3 million, representing an increase of 28.0% when compared with the HK\$3,054.5 million recorded in the 1H2023. The EBITDA margin (calculated based on total revenue for the period) was 30.8% for the 1H2024, compared to 25.2% for the 1H2023.

Net profit attributable to equity holders of the Company for the 1H2024 was HK\$1,962.5 million, representing an increase of 41.0% as compared to HK\$1,391.5 million for the 1H2023. Net profit margin increased to 15.5% for the 1H2024 from 11.5% for the 1H2023, mainly due to the net impact of (i) the increase in the profit margin of the solar glass business; (ii) higher finance costs; and (iii) an increase in income tax expense.

### **Financial Resources and Liquidity**

During the 1H2024, the Group's total assets increased by 3.4% to HK\$62,465.0 million, while shareholders' equity decreased slightly by 0.5% to HK\$31,827.4 million. The decline in shareholders' equity was mainly due to the distribution of the final dividend for the year ended 31 December 2023 of HK\$1,336.5 million and the increase in the debit balance of the Group's exchange reserve from HK\$2,329.3 million as of 31 December 2023 to HK\$3,220.3 million as of 30 June 2024 as a result of the depreciation of RMB against HK\$, partially offset by the net profit for the 1H2024. The Group's current ratio as of 30 June 2024 was 1.2, which was relatively stable as compared to that of 31 December 2023.

During the 1H2024, the Group's primary sources of financing were cash generated from the Group's operating activities and bank borrowings. Net cash generated from operating activities amounted to HK\$1,254.8 million (1H2023: HK\$2,189.0 million). The decrease in net cash inflow was primarily attributable to the increase in working capital such as inventories and trade receivables as a result of the expanded scale of business operations and weak market conditions, partially offset by the increase in profit contribution from the solar glass segment. Net cash used in investing activities amounted to HK\$2,998.0 million (1H2023: HK\$4,602.4 million). The decrease was primarily due to the gradual slowdown in the expansion of solar glass production capacity, a reduction in new investment in solar farm projects and the near completion of the construction of polysilicon production facilities. Net cash generated from financing activities amounted to HK\$1,011.9 million (1H2023: HK\$1,216.0 million). During the 1H2024, the Group secured new borrowings of HK\$4,914.0 million and repaid borrowings of HK\$4,168.0 million.

As of 30 June 2024, the Group's net debt gearing ratio (calculated as borrowings less cash and bank balances divided by total equity) was 23.5% (31 December 2023: 17.5%). The change in the Group's gearing level was primarily due to the decrease in cash and bank balances and the increase in borrowings.

## **BUSINESS OUTLOOK**

In addition to the external factors, such as the rising protectionism and trade restrictions, the geopolitical issues, and the prolonged high interest rate environment, the solar industry is also challenged by the intensifying competition, the accelerating technology iterations and the cyclical supply-demand imbalances. Wide fluctuations in the product prices have put significant pressure on the margins across the entire value chain.

For the solar industry as a whole, the long-term average growth rate is expected to be broadly in line with the growth rate of the global PV installations, although the pace of capacity expansion varies across the individual segments of the value chain. The current cyclical imbalance between supply and demand in some individual segments is expected to be resolved through natural market adjustments, the closure of the excessive production capacity and industry consolidation. However, the duration and the magnitude of the adjustment may vary depending on the industrial structure, inventory levels and cost curves of the individual segments.

The solar glass industry's capacity growth peaked earlier than that of the other segments in the solar value chain. In terms of the production capacity, the years of 2021 and 2022 were the fastest growth periods for the industry in recent years. Thereafter, the growth rate gradually declined from 2023 onwards due to the tighter approvals for the installation of new capacity, declining industry margins and the rising financing costs. Planning for new capacity expansion is currently subject to detailed scrutinisation and has become more rational.

The demand for the solar glass is expected to continue to be affected by the short-term production capacity adjustments of the solar module companies, including production cuts, overhauls and capacity reallocation due to trade restrictions. However, the significant decline in the solar module prices and the overall installation costs has laid a solid foundation for the future development of the downstream PV installations and added impetus to the continued growth in demand, especially in the emerging markets. This may help to create additional demand for the solar glass.

In the short term, the solar glass industry continues to face volatility caused by supply-demand imbalance in the solar value chain, increased competition and the industry consolidation. The Directors expect the business environment in which the Group operates has become more uncertain and challenging in the 2H2024. However, with the continued growth in the downstream PV installation demand and the gradual slowdown in industry supply, the solar glass industry is poised to achieve a more stable and healthy growth, which will be beneficial to the steady and high-quality development of the industry in the long run.

In order to sustain further growth and consolidate its leading market position, the Group will continue to expand its solar glass production capacity in an orderly and flexible manner and make appropriate adjustments with reference to the growth in the global PV installations and the latest market development. Despite the delay in the supply of certain construction materials, the Group has maintained its 2024 expansion plan by adding six new solar glass production lines with an aggregate daily melting capacity of 6,400 tonnes, thereby increasing its total daily melting capacity from 25,800 tonnes as of the end of 2023 to 32,200 tonnes as of the end of 2024. As of 30 June 2024, the total melting capacity of the Group's solar glass production lines reached 29,000 tonnes/day, of which 27,000 tonnes/day were in operation and 2,000 tonnes/day were under cold repair. In view of the uncertainties in the current market situation, the Group may adjust the targeted completion timelines for its new production lines and may flexibly advance the cold-repairing of some production lines approaching the overhaul deadlines so as to further improve the overall operational efficiency and competitiveness of the Group.

Taking into account the tightening of the control policies on solar glass production capacity, energy consumption and emission standards in the PRC, the Group will proactively expand its overseas production capacity and further diversify its production facilities to meet the demand from different regions of the world. At present, the Group has five solar glass production bases located in Wuhu, Anhui Province; Tianjin; Beihai, Guangxi Province; Suzhou, Jiangsu Province; and Malacca, Malaysia. Three new production bases are under construction in Qujing, Yunnan Province; Shangrao, Jiangxi Province; and Indonesia.

As the industry continues to experience cyclical adjustments, the Group will maintain a prudent approach in managing its businesses with a strong focus on managing the financial risks and the control of cost and capital expenditure. In order to cope with the challenging market conditions, the Group will continue to pursue excellence in the production process, product differentiation and innovation by expanding, upgrading and improving its solar glass production facilities, enhancing production efficiency and optimising the product mix to mitigate the margin pressure and further strengthen its competitive edge.

For the solar farm business, the Group expects that the development of new solar farm projects in the 2H2024 may still be hindered by land availability, grid connection issues, increased mandatory energy storage requirements and changes in the tariff policies. Therefore, apart from the 300MW already connected to the grid in the 1H2024, the Group has no present plan to commission any new solar farm project for grid connection in the remaining period of 2024.

Various acceptance tests are underway at the Group's polysilicon production facility in Yunnan Province, the PRC, with no concrete plan on the commencement of the trial production. At present, the Group has no plans to expand its polysilicon production capacity. Any future polysilicon investment plan will only be considered in light of the then prevailing market conditions and the Group's overall business development strategy after the successful commissioning of the existing production capacity.

Despite the current challenges in the PV industry in China, the Directors are confident on the long-term growth of the solar industry and the business growth of the Group. The global green energy transition will continue to stimulate the widespread use of the solar energy and create new demand for the solar glass. As an industry leader, the Group will leverage its scale advantage, further strengthen its operations and management, and strive for a sustainable and high-quality development of its solar glass and solar farm businesses.

## **CAPITAL EXPENDITURES AND COMMITMENTS**

The Group incurred capital expenditures of HK\$3,762.3 million, of which HK\$3,046.5 million was settled by cash and cash equivalents and HK\$715.8 million was settled by restricted cash, for the 1H2024 which were primarily used in the expansion and upgrade of solar glass production capacity, the development of the solar farm projects and the construction of polysilicon production facility. Capital commitments contracted for but not incurred by the Group as of 30 June 2024 amounted to HK\$3,565.3 million, which were mainly related to the expansion of solar glass production capacity, the development and construction of solar farm projects and the establishment of polysilicon production facility.

## **PLEDGE OF ASSETS**

As of 30 June 2024, bills receivables of HK\$2.0 million and bank deposits of HK\$313.5 million were pledged as collaterals for obtaining letter of credit facilities in the PRC. Bills receivables of HK\$1,355.2 million were transferred to banks for obtaining bank borrowings.



## **CONTINGENT LIABILITIES**

As of 30 June 2024, the Group did not have any significant contingent liabilities.

## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES**

Save as disclosed in note 21 to the condensed consolidated financial information in this announcement, there was no material acquisition and disposal of subsidiaries and associated companies during the 1H2024.

## **TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN FOREIGN EXCHANGE RATES**

The Group's solar glass production facilities are located in the PRC and Malaysia, and its solar farms are all located in the PRC. Most of the business transactions are denominated and settled in RMB and United States Dollar (“USD”). Given the pegged exchange rate between HK\$ and USD, the Directors do not expect that the Group is subject to significant foreign exchange risk for transactions conducted in HK\$ or USD. However, exchange rate fluctuations between RMB and HK\$ or RMB and USD could affect the Group's performance and asset value. Exchange rate fluctuations between Malaysian Ringgit (“MYR”) and HK\$ could also affect the Group's performance and asset value.

The presentation currency of the Group's consolidated financial statements is HK\$. Due to the depreciation of RMB and MYR against HK\$ in the 1H2024, the Group reported non-cash translation losses, which represent a decline in the reserve of its consolidated balance sheet, in the translation of the RMB-denominated and MYR-denominated assets into HK\$. Exchange losses of HK\$891.0 million were recorded as the exchange reserve movement in the 1H2024. As a result, the debit balance of the Group's consolidated exchange reserve account increased from HK\$2,329.3 million as of 31 December 2023 to HK\$3,220.3 million as of 30 June 2024.

For the Group's solar farm business, the revenue from solar power electricity generation is denominated in RMB whilst part of the bank borrowings are denominated in HK\$. In view of the difference in interest rates between HK\$ bank borrowings and RMB bank borrowings, the Group continued to increase the share of RMB bank borrowings in its total bank borrowings in the 1H2024 in order to reduce interest expenses. As of 30 June 2024, 54.8% and 45.2% of the bank borrowings of the Group were denominated in HK\$ and RMB, respectively.

The Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations. During the 1H2024, the Group did not use any financial instrument for hedging purpose.

## **EMPLOYEES AND REMUNERATION POLICY**

As of 30 June 2024, the Group had about 12,638 full-time employees of whom 11,236 were based in Mainland China and 1,402 were based in Malaysia, Hong Kong, Indonesia and Canada. The total staff costs, including the emoluments of the Directors, amounted to HK\$642.7 million for the 1H2024.

The Group maintains good working relationship with its employees and provides training when necessary to keep its employees informed of the latest information on developments of its products and production processes. Remuneration packages offered to the Group's employees are generally competitive and are reviewed on a regular basis. Apart from basic remuneration and the statutory retirement benefit scheme, discretionary bonuses may be provided to selected employees taking into consideration the performance of the relevant employee and the overall performance of the Group.

## **SHARE OPTION SCHEME**

Pursuant to the share option scheme (the "**2014 Share Option Scheme**") adopted by the Company in June 2014, an aggregate of 18,700,000 share options were granted to selected employees and an executive Director in March 2024. The share options are valid from 28 March 2024 to 31 March 2028. One third of the options would be vested on each year-end date of 2024, 2025 and 2026 if the relevant grantee has satisfied the conditions of vesting as stated in the letter of grant.

The 2014 Share Option Scheme was expired and the Company has adopted a share option scheme (the “**2024 Share Option Scheme**”) on 31 May 2024. Please refer to the circular of the Company dated 30 April 2024 for details of the 2024 Share Option Scheme.

During the 1H2024, no share option has been granted, exercised, lapsed and cancelled under the 2024 Share Option Scheme.

## **EVENT AFTER THE REPORTING PERIOD**

In July 2024, Xinyi Energy, through its wholly-owned subsidiary, acquired 5% equity interests in Guangdong Jike New Energy Development Company Limited (“**Guangdong Jike**”). Through this acquisition, the Group’s interest in Guangdong Jike increased from 95% to 100%. Guangdong Jike, through its wholly-owned subsidiary, owns and operates a solar farm project with capacity of 100MW in China.

Save as disclosed above, no significant event has taken place subsequent to 30 June 2024 and up to the date of this announcement.

## **INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board has resolved to declare an interim dividend (the “**Interim Dividend**”) of 10.0 HK cents per share for the 1H2024 (1H2023: 7.5 HK cents) to be paid to the shareholders (the “**Shareholders**”) of the Company with their names recorded on the register of members of the Company at the close of business on Monday, 19 August 2024. The interim dividend is expected to be payable on or about Wednesday, 16 October 2024. The Company’s register of members will be closed from Thursday, 15 August 2024 to Monday, 19 August 2024 (both days inclusive), and during such period no transfer of shares will be registered. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 14 August 2024.

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

The Company will announce separately further information on the Scrip Dividend Scheme which includes the market value of the scrip shares under the Scrip Dividend Scheme which is expected to represent a discount to the average closing price per share as quoted on the Stock Exchange for the five consecutive trading days commenced on Tuesday, 13 August 2024 until Monday, 19 August 2024 (both days inclusive) rounded down to two decimal places.

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

During the 1H2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

The Directors confirmed that the Company has complied with the applicable code provisions in the Corporate Governance Code (the “**Code**”) as set forth in Part 2 of Appendix C1 to The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) during the 1H2024 except for the following deviation from code provision C.2.1.

On 1 April 2024, Mr. LEE Yau Ching, the executive Director, resigned as the Chief Executive Officer of the Company and Mr. LEE Shing Put (“**Mr. Lee**”), the executive Director and Vice Chairman of the Company, be appointed as the Chief Executive Officer of the Company.

Pursuant to code provision C.2.1 of the Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Upon the appointment as the Chief Executive Officer of the Company, Mr. Lee performs both of the roles as the Vice Chairman and the Chief Executive Officer of the Company. However, the Board considers that since Mr. Lee has been working in the Group for more than a decade and is familiar with the business operations of the Group, vesting both of the roles of the Vice Chairman and the Chief Executive Officer in Mr. Lee can facilitate the smooth and efficient execution of the business strategy of the Group. Furthermore, the Board considers that the balance of power and authority between the Board and the management of the Company will not be impaired as Mr. Lee will only be one of the two Vice Chairmen of the Group alongside the Chairman of the Group. Under the supervision of the Board which comprises four executive Directors, two non-executive Directors and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders as a whole.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set forth in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by the Directors. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set forth in the Model Code during the 1H2024.

## **REVIEW OF THE INTERIM RESULTS**

The Company’s interim results for the 1H2024 have not been audited but have been reviewed by the audit committee of the Board. The members of the audit committee of the Board are Ms. LEONG Chong Peng, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin, all of them are independent non-executive Directors.

## **PUBLICATION OF THE INTERIM REPORT**

The interim report of the Company for the 1H2024 containing all the relevant information required by Appendix D2 to the Listing Rules and other applicable laws and regulations will be published on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Xinyi Solar Holdings Limited**  
**Dr. LEE Yin Yee, S.B.S.**  
*Chairman*

Hong Kong, 31 July 2024

*As of the date of this announcement, the Board comprises four executive Directors, namely, Mr. LEE Shing Put, B.B.S (Vice Chairman and Chief Executive Officer), Mr. LEE Yau Ching, Mr. LI Man Yin, and Mr. CHU Charn Fai, two non-executive Directors, namely Dr. LEE Yin Yee, S.B.S. (Chairman) and Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P. (Vice Chairman), and three independent non-executive Directors, namely Mr. LO Wan Sing, Vincent, Mr. KAN E-ting, Martin and Ms. LEONG Chong Peng.*

*This announcement will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.xinyisolar.com](http://www.xinyisolar.com).*