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XINYI ENERGY HOLDINGS LIMITED

信義能源控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock code: 03868)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change
	2024	2023	
	<i>HK\$' million</i>	<i>HK\$' million</i>	
Revenue	1,218.4	1,288.6	-5.4%
Profit attributable to the equity holders of the Company	394.5	566.9	-30.4%
Earnings per share – basic	4.78 HK cents	7.48 HK cents ⁽¹⁾	-36.1%
Interim dividend	189.9	279.1	-32.0%
Interim dividend per share	2.3 HK cents	3.4 HK cents	-32.4%

Note:

- (1) Basic earnings per share for the six months ended 30 June 2023 has been restated taking into consideration the effect of the rights issue of the Company completed on 1 June 2023.

The board (the “**Board**”) of directors (the “**Directors**”) of Xinyi Energy Holdings Limited (the “**Company**” or “**Xinyi Energy**”, together with its subsidiaries, the “**Group**”) announces the unaudited interim condensed consolidated 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

	Note	Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	1,218,405	1,288,554
Cost of sales		(435,949)	(383,973)
Gross profit		782,456	904,581
Other income	3	9,788	4,577
Other gains, net	4	4,048	12,780
Administrative expenses		(24,450)	(27,997)
Net impairment losses on financial assets		(6,003)	(7,924)
Operating profit	5	765,839	886,017
Finance income	6	2,791	2,275
Finance costs	6	(197,716)	(162,555)
Share of net losses of investments accounted for using the equity method		(8)	—
Profit before income tax		570,906	725,737
Income tax expense	7	(175,795)	(158,028)
Profit for the period		395,111	567,709
Profit for the period attributable to:			
– Equity holders of the Company		394,522	566,855
– Non-controlling interests		589	854
		395,111	567,709
Earnings per share attributable to the equity holders of the Company (Expressed in HK cents per share)			(Restated) ⁽¹⁾
– Basic and diluted	8	4.78	7.48

Note:

- (1) Basic earnings per share for the six months ended 30 June 2023 has been restated taking into consideration the effect of the rights issue of the Company completed on 1 June 2023.

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>
Profit for the period	395,111	567,709
Other comprehensive loss, net of tax:		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(477,431)	(646,594)
Share of other comprehensive loss of investments accounted for using the equity method		
– Share of currency translation differences	(1)	—
Total comprehensive loss for the period	(82,321)	(78,885)
Total comprehensive (loss)/income for the period attributable to:		
– Equity holders of the Company	(82,465)	(79,149)
– Non-controlling interests	144	264
	(82,321)	(78,885)

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>
ASSETS			
Non-current assets			
	Property, plant and equipment	15,001,619	15,007,874
	Right-of-use assets	769,850	740,872
	Prepayments for property, plant and equipment	24,102	13,537
	Deferred income tax assets	61,400	58,597
	Investments accounted for using the equity method	720	—
	Goodwill	333,520	342,228
	Total non-current assets	16,191,211	16,163,108
Current assets			
	Trade and other receivables and prepayments	4,797,108	4,312,559
	Amounts due from fellow subsidiaries	2,231	998
	Amount due from an investment accounted for using the equity method	29,786	—
	Restricted cash	11,590	11,889
	Cash and cash equivalents	472,140	645,009
	Total current assets	5,312,855	4,970,455
	Total assets	21,504,066	21,133,563
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
	Share capital	82,566	82,566
	Other reserves	6,077,952	6,762,895
	Retained earnings	6,839,221	6,451,345
		12,999,739	13,296,806
	Non-controlling interests	10,656	10,512
	Total equity	13,010,395	13,307,318

		As at		
		30 June	31 December	
		2024	2023	
Note		<i>HK\$'000</i>	<i>HK\$'000</i>	
		<i>(Unaudited)</i>	<i>(Audited)</i>	
LIABILITIES				
Non-current liabilities				
	Bank borrowings	14	3,965,726	2,633,905
	Lease liabilities		735,932	718,901
	Other payables	13	16,652	15,703
	Deferred income tax liabilities		270,366	284,266
	Total non-current liabilities		4,988,676	3,652,775
Current liabilities				
	Bank borrowings	14	2,662,249	3,636,561
	Lease liabilities		46,715	47,762
	Accruals and other payables	13	453,320	404,564
	Dividend payable		214,671	—
	Amounts due to fellow subsidiaries	15	47,185	34,983
	Current income tax liabilities		80,855	49,600
	Total current liabilities		3,504,995	4,173,470
	Total liabilities		8,493,671	7,826,245
	Total equity and liabilities		21,504,066	21,133,563

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company				Non- controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
Balance at 1 January 2024 <i>(Audited)</i>	82,566	6,762,895	6,451,345	13,296,806	10,512	13,307,318
Comprehensive income						
Profit for the period	—	—	394,522	394,522	589	395,111
Other comprehensive loss						
Currency translation differences	—	(476,986)	—	(476,986)	(445)	(477,431)
Share of other comprehensive loss of investments accounted for using the equity method	—	(1)	—	(1)	—	(1)
Total comprehensive (loss)/income for the period	—	(476,987)	394,522	(82,465)	144	(82,321)
Transactions with the owner of the Company						
Employees' share option scheme:						
– value of employee services	—	69	—	69	—	69
– release upon the lapse of share options	—	(661)	661	—	—	—
2023 final dividend <i>(Note 9)</i>	—	(214,671)	—	(214,671)	—	(214,671)
Appropriation to safety reserve	—	7,307	(7,307)	—	—	—
Balance at 30 June 2024 <i>(Unaudited)</i>	82,566	6,077,952	6,839,221	12,999,739	10,656	13,010,395

	<u>Attributable to equity holders of the Company</u>					
	Share capital	Other reserves	Retained earnings	Total	Non- controlling interests	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 January 2023 <i>(Audited)</i>	74,404	6,073,045	5,605,611	11,753,060	9,092	11,762,152
Comprehensive income						
Profit for the period	—	—	566,855	566,855	854	567,709
Other comprehensive loss						
Currency translation differences	—	(646,004)	—	(646,004)	(590)	(646,594)
Total comprehensive (loss)/income for the period	—	(646,004)	566,855	(79,149)	264	(78,885)
Transactions with the owner of the Company						
Employees' share option scheme:						
– exercise of employees' share options	—	11	—	11	—	11
– value of employee services	—	1,091	—	1,091	—	1,091
– release upon the lapse of share options	—	(5)	5	—	—	—
Issuance of shares in respect of rights issue, net of transaction cost	7,440	1,620,370	—	1,627,810	—	1,627,810
2022 final dividend (<i>Note 9</i>)	—	(605,649)	—	(605,649)	—	(605,649)
Balance at 30 June 2023 <i>(Unaudited)</i>	<u>81,844</u>	<u>6,442,859</u>	<u>6,172,471</u>	<u>12,697,174</u>	<u>9,356</u>	<u>12,706,530</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cash flows from operating activities		
Cash generated from operations	493,196	429,857
Interest paid	(169,550)	(116,075)
Income tax paid	(153,266)	(137,815)
	170,380	175,967
Cash flows from investing activities		
Payments for acquisition of right-of-use assets	(9,075)	—
Payments for purchases of and prepayments for purchase of property, plant and equipment	(629,790)	(1,673,209)
Proceeds from disposal of property, plant and equipment	134	—
Capital injections into an investment accounted for using the equity method	(727)	—
Advance to an investment accounted for using the equity method	(29,912)	—
Net proceeds from financial assets at fair value through profit or loss	959	9,110
Interest received	2,791	2,275
	(665,620)	(1,661,824)
Cash flows from financing activities		
Proceeds from issuance of shares in respect of rights issue	—	1,629,448
Payments for professional fees in connection with issuance of shares in respect of rights issue	—	(1,638)
Proceeds from exercise of employees' share options	—	11
Settlement of deferred consideration payable for acquisition	—	(1,409,022)
Proceeds from bank borrowings	2,338,355	2,576,225
Repayments of bank borrowings	(1,958,594)	(2,285,857)
Principal elements of lease payments	(45,760)	(18,640)
	334,001	490,527
Net decrease in cash and cash equivalents	(161,239)	(995,330)
Cash and cash equivalents at beginning of the period	645,009	1,790,767
Effect of foreign exchange rate changes	(11,630)	(15,211)
	472,140	780,226
Cash and cash equivalents at end of the period	472,140	780,226

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Xinyi Energy Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are principally engaged in the operation and management of solar farms in the People’s Republic of China (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 and Hong Kong Accounting Standards (“**HKAS**”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants. 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 revised interpretation adopted by the Group

The following amendments to standards and revised interpretation are effective for accounting periods beginning on or after 1 January 2024. The adoption of which does not have a material impact on the results and financial position for the current or prior periods of the Group.

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

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

		Effective for accounting periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment on the impact of these amendments to standards. Preliminary assessment results showed that their applications are not expected to have material impact on the financial performance and the financial position of the Group.

3 REVENUE, OTHER INCOME AND SEGMENT INFORMATION

Revenue and other income recognised during the period are as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Recognised at a point in time:		
– Sales of electricity	698,326	727,536
– Tariff adjustment	513,654	556,134
Recognised over time:		
– Solar farm operation and management services	6,425	4,884
	1,218,405	1,288,554
Other income		
Government grants (<i>Note</i>)	3,985	17
Compensation of insurance claims	475	1,375
Others	5,328	3,185
	9,788	4,577

Note:

Government grants mainly represent grants received from the PRC government in subsidising the Group's general operations.

Segment information

The Group is mainly engaged in the operation and management of solar farms in the PRC. Information reported to the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available.

No segment of assets and liabilities are presented as no discrete financial information is available.

Majority of the non-current assets of the Group are located in the PRC and with country of domicile being the PRC.

4 OTHER GAINS, NET

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Foreign exchange gains, net	281	3,670
Loss on disposal of property, plant and equipment	(76)	—
Net fair value gains on financial assets of fair value through profit or loss	3,843	9,110
	<u>4,048</u>	<u>12,780</u>

5 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation charge of property, plant and equipment	341,308	304,112
Depreciation charge of right-of-use assets	18,144	16,451
Employee benefit expenses (including directors' emoluments)	32,937	29,725
Electricity	17,384	10,752
Repair and maintenance	23,080	13,858
Insurance expenses	<u>2,759</u>	<u>3,700</u>

6 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	<u>2,791</u>	<u>2,275</u>
Finance costs		
Interest on lease liabilities	24,209	22,418
Interest expense on bank borrowings	173,507	119,359
Interest expense on deferred payment of business combination purchase consideration	<u>—</u>	<u>20,778</u>
	<u>197,716</u>	<u>162,555</u>

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current income tax		
PRC corporate income tax (“CIT”) <i>(Note (c))</i>	162,068	169,091
PRC withholding tax <i>(Note (d))</i>	<u>24,822</u>	<u>—</u>
	186,890	169,091
Deferred income tax	<u>(11,095)</u>	<u>(11,063)</u>
	<u>175,795</u>	<u>158,028</u>

Notes:

- (a) The Company was incorporated in the British Virgin Islands and is exempted from payment of the British Virgin Islands income tax.
- (b) No provision for Hong Kong profits tax has been made for the period as the Group did not generate any assessable profits arising in Hong Kong during the period.

- (c) The applicable CIT rate for the Group’s subsidiaries in the PRC is 25% (2023: 25%) except that:
- A subsidiary engaging in operation and management of solar farms in Anhui Province is qualified as a “High and New Technology Enterprise” and would be entitled to enjoy a preferential CIT rate of 15% (2023: 15%);
 - A subsidiary engaging in development of operation and management systems in Guangxi Zhuang Autonomous Region is qualified as an “Encouraged Enterprise” in the Catalogue of Industries Encouraged for Foreign Investment in Central and Western Region and would be entitled to enjoy a preferential CIT rate of 9% (2023: 9%); and
 - Subsidiaries engaging in the solar farms business enjoyed tax holiday and their profits 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 compensation of insurance claims received are subject to the CIT rate of 25% (2023: 25%).
- (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.

8 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period and adjusted for bonus elements in ordinary shares issued as a result of the rights issue completed in June 2023.

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i> <i>(Restated)</i>
Profit attributable to equity holders of the Company (HK\$'000)	394,522	566,855
Weighted average number of ordinary shares in issue (thousands)	8,256,589	7,581,250
Basic earnings per share (HK cents)	4.78	7.48

Basic earnings per share for the six months ended 30 June 2023 have been restated taking into consideration the effect of the rights issue of the Company completed on 1 June 2023.

(b) Diluted

For the six months ended 30 June 2024 and 30 June 2023, diluted earnings per share equal basic earnings per share as these were no potential dilutive share.

9 DIVIDENDS

	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Final dividend for 2023 of 2.6 HK cents (2022: 7.4 HK cents) per share	214,671	605,649
Proposed interim dividend of 2.3 HK cents (2023: 3.4 HK cents) per share	<u>189,902</u>	<u>279,109</u>

At a meeting of the Board held on 31 July 2024, the Directors resolved to declare an interim dividend of 2.3 HK cents per share for the six months ended 30 June 2024. This interim dividend, amounting to HK\$189,902,000, is based on 8,256,588,652 issued shares as at 30 June 2024 and has not been recognised as a liability in this unaudited condensed consolidated interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2024.

10 PROPERTY, PLANT AND EQUIPMENT

	<u>Solar farms</u>	<u>Buildings</u>	<u>Motor vehicle, furniture and fixtures, equipment and others</u>	<u>Total</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Six months ended				
30 June 2024 (Unaudited)				
Opening net book amount	14,836,203	148,917	22,754	15,007,874
Additions	700,966	339	3,923	705,228
Disposal	—	—	(210)	(210)
Depreciation charges	(336,237)	(3,403)	(1,668)	(341,308)
Currency translation differences	(364,955)	(4,400)	(610)	(369,965)
Closing net book amount	<u>14,835,977</u>	<u>141,453</u>	<u>24,189</u>	<u>15,001,619</u>
At 30 June 2024 (Unaudited)				
Cost	18,315,988	191,135	35,223	18,542,346
Accumulated depreciation	<u>(3,480,011)</u>	<u>(49,682)</u>	<u>(11,034)</u>	<u>(3,540,727)</u>
Net book amount	<u>14,835,977</u>	<u>141,453</u>	<u>24,189</u>	<u>15,001,619</u>

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2024	31 December 2023
	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i> <i>(Audited)</i>
Trade receivables (<i>Note (a)</i>)	4,446,739	3,951,848
Less: Loss allowance for trade receivables	<u>(44,467)</u>	<u>(39,518)</u>
Trade receivables, net	4,402,272	3,912,330
Deposits and other receivables (<i>Note (b)</i>)	49,059	57,942
Other tax receivables (<i>Note (c)</i>)	333,800	326,009
Prepayments for property, plant and equipment	24,102	13,537
Other prepayments	<u>11,977</u>	<u>16,278</u>
	<u>4,821,210</u>	<u>4,326,096</u>
Less: Non-current portion		
Prepayments for property, plant and equipment	<u>(24,102)</u>	<u>(13,537)</u>
Current portion	<u><u>4,797,108</u></u>	<u><u>4,312,559</u></u>

Notes:

(a) Trade receivables

As at 30 June 2024, trade receivables comprise receivables from sales of electricity and tariff adjustment receivables. The category analysis of trade receivables is set out below:

	As at	
	30 June	31 December
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Receivables from sales of electricity	216,453	198,549
Tariff adjustment receivables	4,230,286	3,753,299
	4,446,739	3,951,848

Receivables from sales of electricity were usually settled on a monthly basis by the state-owned grid enterprises. Tariff adjustment receivables represent government subsidies on renewable energy to be received from the state-owned grid enterprises in accordance with prevailing government policies and prevalent payment pattern of the Ministry of Finance.

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

	As at	
	30 June	31 December
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
0 to 90 days	531,472	384,712
91 days to 180 days	237,593	371,377
181 days to 365 days	603,199	614,735
Over 365 days	3,074,475	2,581,024
	4,446,739	3,951,848

The carrying amounts of the Group's trade receivables are denominated in RMB.

(b) Deposits and other receivables

Deposits and other receivables are all expected to be recoverable and therefore no provision was made. The ageing of deposits and other receivables was within one year. The carrying amounts of the Group's deposits and other receivables are mainly denominated in RMB.

(c) Other tax receivables

Other tax receivables mainly represent value added tax ("VAT") recoverable, which is creditable input VAT on purchase of property, plant and equipment (including construction in progress). They will be offset against output VAT on sales of solar electricity and tariff adjustment. The balance is denominated in RMB.

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

12 SHARE CAPITAL

	Number of ordinary shares	Ordinary shares of HK\$0.01 each <i>HK\$</i>	Total <i>HK\$'000</i>
Authorised:			
At 1 January and 30 June 2024	<u>800,000,000,000</u>	<u>8,000,000,000</u>	<u>8,000,000</u>
Issued and fully paid: (<i>Unaudited</i>)			
At 1 January and 30 June 2024	<u>8,256,588,652</u>	<u>82,565,887</u>	<u>82,566</u>

13 ACCRUALS AND OTHER PAYABLES

	As at	
	30 June	31 December
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Payables for property, plant and equipment	441,028	385,617
Others <i>(Note (b))</i>	28,944	34,650
	469,972	420,267
Less: Non-current portion		
Retention payables for property, plant and equipment	(16,652)	(15,703)
Current portion	453,320	404,564

Notes:

- (a) The carrying amounts of accruals and other payables are mainly denominated in RMB and approximate their fair values.
- (b) The balance mainly comprises accruals of professional fees, interest for bank borrowings and accrued staff costs.

14 BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	As at	
	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Within 1 year	2,662,249	3,636,561
Between 1 and 2 years	1,524,656	1,228,283
Between 2 and 5 years	1,540,320	919,107
Over 5 years	900,750	486,515
	6,627,975	6,270,466
Less: Non-current portion	(3,965,726)	(2,633,905)
Current portion	2,662,249	3,636,561

As at 30 June 2024 and 31 December 2023, the carrying amounts of the Group's bank borrowings are approximate their fair values and denominated in the following currencies:

	As at	
	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
HK\$	5,178,681	5,437,943
RMB	1,449,294	832,523
	6,627,975	6,270,466

As at 30 June 2024 and 31 December 2023, majority of bank borrowings bore floating interest rates and were exposed to interest rate changes. These bank borrowings are repayable by instalments up to 2040 (31 December 2023: 2038).

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

	As at	
	30 June 2024 <i>(Unaudited)</i>	31 December 2023 <i>(Audited)</i>
Bank borrowings	<u>4.71%</u>	<u>6.05%</u>

As at 30 June 2024 and 31 December 2023, corporate guarantees were provided by the Company and its subsidiaries for the bank borrowings.

15 RELATED PARTY TRANSACTIONS

(a) Related party transactions

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the period.

	Six months ended 30 June	
	2024 <i>HK\$'000</i> <i>(Unaudited)</i>	2023 <i>HK\$'000</i> <i>(Unaudited)</i>
One-off transaction		
Acquisition of a subsidiary from a fellow subsidiary	<u>154,365</u>	<u>146,202</u>
Continuing transactions		
Solar farm operation and management services fee receivable from subsidiaries of Xinyi Solar Holdings Limited (“Xinyi Solar”) <i>(Note)</i>	<u>6,425</u>	<u>4,884</u>

Note:

The transaction constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules. The transactions were conducted at mutually agreed prices and terms.

(b) Balances with related parties

	As at	
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Due from fellow subsidiaries:		
– Chaohu Jindao Photovoltaic Power Generation Company Limited*	36	1
– Hepu County Xinyi Renewable Energy Limited*	88	—
– Hepu County Xinyi Solar Limited*	280	391
– Kaiping City Ruide Renewable Energy Limited*	34	23
– Qujing Yingli Solar Power Development Limited*	63	83
– Taonan Runhe Risheng Photovoltaic Agricultural Development Company Limited*	55	75
– Wuhu Xintu Renewable Energy Limited*	66	—
– Xinyi Solar (Bozhou) Limited*	229	84
– Xinyi Solar (Jinzhai) Limited*	346	182
– Xinyi Solar (Wangjiang) Limited*	196	48
– Xinyun Renewable Energy (Yunfu) Limited*	36	49
– Xinyun Solar (Qujing) Limited*	802	62
	<u>2,231</u>	<u>998</u>
Due from an investment accounted for using the equity method :		
– Parkland Renewable Energy Sdn. Bhd.#	<u>29,786</u>	<u>—</u>
Due to fellow subsidiaries:		
– Bright Top Investment Limited*	—	(15,453)
– Sun Wisdom Development Limited*	<u>(47,185)</u>	<u>(19,530)</u>
	<u>(47,185)</u>	<u>(34,983)</u>

* Companies under control of Xinyi Solar

An investment with its issued share capital owned as to 40% by the Group

The amounts due from and due to related parties are unsecured, interest free and repayable on demand. The amounts approximate their fair values and are denominated in HK\$, RMB and Malaysian Ringgit.

(c) Leases

		Six months ended 30 June		
		2024	2023	
Note		HK\$'000	HK\$'000	
		(Unaudited)	(Unaudited)	
Interest expense on lease liabilities in relation to office area recognised by the Group as a lessee to related parties:				
	– Cheer Wise Investment Limited (“ Cheer Wise ”)	(i), (ii)	4	5
	– Xinyi Energy Smart (Wuhu) Company Limited (“ Xinyi Energy Smart ”)	(i), (iii)	52	18
			<u>56</u>	<u>23</u>

Notes:

- (i) Both companies under control of Xinyi Glass Holdings Limited, a major shareholder of Xinyi Solar.
- (ii) Approximate 30 square meter (“**sq.m.**”) office area in Hong Kong was provided by Cheer Wise for the Group’s operations with rental mutually agreed.
- (iii) Approximate 1,500 sq.m. office area in Wuhu has been provided by Xinyi Energy Smart for the Group’s occupations with rental mutually agreed.

(d) Key management compensation

Key management includes executive and non-executive directors as well as senior management.

The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Salaries, allowances and benefits in kind	6,521	2,884
Retirement benefits scheme contributions	40	38
Share options granted	—	425
	<u>6,561</u>	<u>3,347</u>

16 CONTINGENCIES

The Group did not have any significant contingent liabilities as at 30 June 2024 and 31 December 2023.

17 SUBSEQUENT EVENT

In July 2024, the Company, through a wholly-owned subsidiary, completed the purchase of 5% equity interests in Guangdong Jike New Energy Development Company Limited (“**Guangdong Jike**”), following which Guangdong Jike has become a wholly-owned subsidiary of the Company. Guangdong Jike, through its wholly-owned subsidiary, owns and operates a solar farm project with capacity of 100 megawatts in the PRC.

MANAGEMENT’S DISCUSSION AND ANALYSIS

OVERVIEW

The polysilicon prices in the People’s Republic of China (the “**PRC**”) have experienced significant decreases since the second quarter of 2023. Such decreases have resulted in the reductions in the prices and installation costs of the photovoltaic (“**PV**”) module in solar farm projects in the PRC. Hence, the number of completed solar farms has increased significantly during the 1H2024. During the year ended 31 December 2023 and the 1H2024, the newly installed PV capacity in the PRC reached 217 gigawatts (“**GW**”) and 102 GW, respectively. This growth has elevated the solar energy to become the second-largest power source in the PRC, surpassing the electricity generated by the hydropower. The rapid construction of the PV power stations has also resulted in temporary imbalance and hindered the grid from fully accommodating solar-generated electricity. As a result, the Group incurred electricity curtailment loss due to grid consumption constraints.

The energy Bureaus in certain PRC provinces require the solar power farms to participate in market-based electricity trading (the “**Market-Based Electricity Trading**”) in order to promote the healthy development of the solar power industry. For the purpose of increasing efficiency and reducing costs, prices are set by the market demand and competition. As some of the trading tariffs of some of the Market-Based Electricity Trading were moderately lower than the feed-in-tariffs (the “**FiT**”) and the number of solar power farms participating in the Market-Based Electricity Trading increased during the 1H2024, the revenue of the Group experienced decreases during the 1H2024. As of 30 June 2024, the aggregate approved capacity of the solar farm projects operated and owned by the Group was 3,850.5 megawatts (“**MW**”), as compared to 3,650.5 MW as of 31 December 2023.

The revenue of the Group recorded a decrease of 5.4% to HK\$1,218.4 million during the 1H2024, as compared to HK\$1,288.6 million for the 1H2023. The profit attributable to the equity holders of the Company decreased by 30.4% to HK\$394.5 million. During the 1H2024, the basic earnings per share attributable to the equity holders of the Company was 4.78 HK cents, as compared to 7.48 HK cents for the 1H2023.

BUSINESS REVIEW

Revenue contribution in the 1H2024

During the 1H2024, the total electricity generated by the solar farm projects owned and operated by the Group slightly increased by 7.4%, as compared to the 1H2023, primarily due to the acquisition of one utility-scale solar farm project during the 1H2024 and commencement of operation of the 2023 Portfolio. The amount of revenue contributed from the 2023 Portfolio amounted to HK\$91.4 million during the 1H2024. The Group's revenue decreased slightly by 5.4% in the 1H2024, as compared to the 1H2023, primarily due to the exchange rate between Renminbi (“**RMB**”) and Hong Kong Dollar (“**HK\$**”) (representing a year-on-year decrease of 4.2%), electricity curtailment loss due to grid consumption constraints and the increase in the number and the volume of the Market-Based Electricity Trading, which fully offset the growth in the electricity generation during the 1H2024.

Capacity expansion of solar farm projects in the 1H2024

During the 1H2024, the Group completed the acquisition from Xinyi Solar Holdings Limited (“**Xinyi Solar**”), the ultimate holding company of the Company, of one utility-scale solar farm project with an approved capacity of 200 MW located in Guangdong Province. Benefiting from the low installation costs, the Group aims to complete its annual acquisition plan from Xinyi Solar, ensuring a steady growth in the aggregate electricity generation capacity for the remainder of 2024. Additionally, the Group will continue to identify new solar farm projects, not only in the PRC but also in other overseas markets, taking into account of the factors such as electricity curtailment losses, Market-Based Electricity Trading, areas with high power consumptions and stable high return, to continue to contribute the investment return to the Group.

In the recent years, the Group has focused on the investment in grid-parity solar farm projects, reducing its reliance on the FiT regime and providing a better predictability in the future cash flows. During the 1H2024, the sales of electricity contributed 57.3% of the revenue of the Group, as compared to 56.4% for the 1H2023. The operating cash flow of the Group has been improved progressively with the increase in the number of the solar farm projects under the grid-parity regime.

FINANCIAL REVIEW

Revenue

During the 1H2024, the Group's revenue was mainly derived from two core businesses, namely (i) solar power electricity generation and (ii) provision of solar farm operation and management services. During the 1H2024, the amount of revenue from the solar power electricity generation slightly decreased, as compared to the 1H2023, due to the (i) electricity curtailment losses due to grid consumption constraints; (ii) increase in the number and the volume of the Market-Based Electricity Trading; and (iii) change in the exchange rate between RMB and HK\$ in the 1H2024.

The table below sets forth an analysis of the Group's revenue in the 1H2024, as compared to the 1H2023.

	1H2024		1H2023		Change	
					<i>Increase/ (decrease)</i>	
	<i>HK\$' million</i>	<i>%</i>	<i>HK\$' million</i>	<i>%</i>	<i>HK\$' million</i>	<i>in %</i>
Sales of electricity	698.3	57.3	727.5	56.4	(29.2)	(4.0)
Tariff adjustment	513.7	42.2	556.2	43.2	(42.5)	(7.6)
	1,212.0	99.5	1,283.7	99.6	(71.7)	(5.6)
Operation and management services	6.4	0.5	4.9	0.4	1.5	31.6
Total	1,218.4	100.0	1,288.6	100.0	(70.2)	(5.4)

The Group's revenue contributed by the sales of electricity and tariff adjustments decreased by 4.0% to HK\$698.3 million and 7.6% to HK\$513.7 million, respectively, as compared to the 1H2023. The decreases were due to (i) the impact of grid consumption constraints; (ii) increase in the number and the volume of the Market-Based Electricity Trading; and (iii) change in the exchange rate between RMB and HK\$, partially offset by the full performance and contribution of the 2023 Portfolio.

During the 1H2024, the Group’s revenue from solar power electricity generation was contributed by the following solar farm projects:

Solar farm projects	Location in the PRC	Approved capacity (MW)
Initial solar farm projects owned and operated by the Group	Nine solar farm projects located in Anhui Province, Fujian Province, Hubei Province and Tianjin Municipality	954
Solar farm projects newly added in 2019 (“ 2019 Portfolio ”)	Six solar farm projects located in Anhui Province, Hubei Province and Henan Province	540
Solar farm projects newly added in 2020 (“ 2020 Portfolio ”)	Five solar farm projects located in Anhui Province, Hubei Province and Guangdong Province	340
Solar farm projects newly added in 2021 (“ 2021 Portfolio ”)	Eight solar farm projects located in Anhui Province, Hubei Province, Hebei Province and Guangdong Province	660
Solar farm projects newly added in 2022 (“ 2022 Portfolio ”)	Seven solar farm projects located in Hubei Province, Hebei Province, Shaanxi Province and Inner Mongolia Autonomous Region	520
Solar farm projects newly added in 2023 (“ 2023 Portfolio ”)	Four solar farm projects located in Hainan Province, Guangdong Province and Anhui Province	636.5
Solar farm project newly added in the 1H2024 (“ 2024 Portfolio ”)	Zhanjiang Solar Farm in Guangdong Province	200
Total		3,850.5

During the 1H2024, the Group's revenue generated from the provision of solar farm operation and management services amounted to HK\$6.4 million, which represented 0.5% of the total revenue. Pursuant to the Solar Farm Operation and Management Agreement, Xinyi Solar has agreed to engage the Group to operate and manage its connection-ready solar farm projects. All of the revenue in the 1H2024 generated from the services was charged on normal commercial terms taking into consideration factors such as service quality, work efficiency and price, as compared to the services provided to independent third parties.

Cost of sales

The Group's cost of sales increased by 13.5% to HK\$435.9 million during the 1H2024 from HK\$384.0 million during the 1H2023. The increase was mainly due to the increase in (i) the depreciation charge of property, plant and equipment and right-of-use assets of the 2023 Portfolio; (ii) electricity costs; and (iii) repair and maintenance expenses.

During the 1H2024, the Group achieved a more efficient operation with reduced costs through the implementation of a series of sophisticated management systems for local management of the individual solar farms and a nationwide centralised surveillance system. Overall, there was no significant difference between the Group's average cost of sales per MW of approved capacity used in the 1H2024 with the 1H2023.

Gross profit

The Group's gross profit decreased by HK\$122.1 million, or 13.5%, to HK\$782.5 million during the 1H2024, from HK\$904.6 million during the 1H2023. The decrease was primarily due to the decrease in the amount of revenue and the increase in the costs of sales. The gross profit margin decreased to 64.2% during the 1H2024 from 70.2% during the 1H2023.

Other income

During the 1H2024, other income increased by HK\$5.2 million to HK\$9.8 million, as compared to HK\$4.6 million during the 1H2023. The increase was mainly due to increase in (i) the receipt from the PRC government grants and (ii) the miscellaneous income, partially offset by the decrease in the receipt of the amount of insurance compensation during the 1H2024.

Other gains, net

During the 1H2024, other gains, net significantly decreased by HK\$8.7 million to HK\$4.1 million, as compared to HK\$12.8 million during the 1H2023. The significantly decrease was mainly due to the decrease in (i) the interest income from financial assets at fair value through profit or loss and (ii) foreign exchange gains.

Administrative expenses

The Group's administrative expenses decreased by HK\$3.5 million, from HK\$28.0 million during the 1H2023 to HK\$24.5 million during the 1H2024. The decrease was mainly due to the Group's measures on cost control, which was partially offset by the increase in the employee benefit expenses.

Finance costs

The total finance costs of the Group amounted to HK\$197.7 million during the 1H2024, as compared to HK\$162.6 million during the 1H2023. The interest expenses on bank borrowings significantly increased from HK\$119.4 million during the 1H2023 to HK\$173.5 million during the 1H2024. The increase was mainly due to the increase in the balance of interest-bearing bank borrowings even though at lower effective interest rates.

The interest component on the lease liabilities slightly increased from HK\$22.4 million to HK\$24.2 million due to the completion of the acquisition of the 2023 Portfolio. During the 1H2024, the Group did not incur any imputed interest expenses on the deferred payment of the consideration of the acquisition of the 2019 Portfolio, as such amount has been fully settled in 2023, as compared to HK\$20.8 million during the 1H2023.

Income tax expense

The Group incurred income tax expense of HK\$175.8 million during the 1H2024, as compared to HK\$158.0 million during the 1H2023. The increase was principally due to (i) 16 solar farm projects (1H2023: 14) commenced the full payment of the PRC corporate income tax at the statutory rate of 25% and (ii) the increase in the amount of the PRC withholding tax of HK\$24.8 million on the dividends remitted from the PRC subsidiaries incurred during the 1H2024, partially offset by the impact of the decrease in profit before income tax of the solar farm projects which subjected to the payment of the PRC corporate income tax.

EBITDA and net profit

During the 1H2024, the EBITDA (earnings before interest, taxation, depreciation and amortisation) was HK\$1,128.1 million, representing a decrease of 6.7%, as compared to HK\$1,208.9 million during the 1H2023.

Net profit attributable to equity holders of the Company during the 1H2024 was HK\$394.5 million, representing a decrease of 30.4%, as compared to HK\$566.9 million during the 1H2023. The decrease in the net profit margin from 44.0% during the 1H2023 to 32.4% during the 1H2024 was primarily due to the decrease in the amount of revenue and the increase in (i) the depreciation charge of property, plant and equipment and right-of-use assets; (ii) the finance costs; and (iii) the income tax expenses.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2024, the Group's total assets increased by 1.8% to HK\$21,504.1 million and its net assets decreased by 2.2% to HK\$13,010.4 million. The Group's current ratio as of 30 June 2024 was 1.5, as compared to 1.2 as of 31 December 2023. Such slight increase was due to (i) the increase in the amount of trade and other receivables; (ii) the increase in the amount due from an investment accounted for using the equity method; and (iii) the decrease in the current portion of the bank borrowings, which was partially offset by (i) the decrease in the amount of cash and cash equivalents; (ii) payable of the final dividend for the year ended 31 December 2023; and (iii) the increase in the amount of accruals and other payable.

The Group's net gearing ratio (bank borrowing minus cash and cash equivalents divided by total equity) as of 30 June 2024 was 47.3%, as compared to 42.3% as of 31 December 2023. The increase was mainly due to the decrease in the amount of cash and cash equivalents and the increase in the amount of bank borrowings.

As of 30 June 2024, the Group's financial position remained healthy, with the cash and cash equivalents of HK\$472.1 million. During the 1H2024, the net cash generated from the operating activities was HK\$170.4 million (1H2023: HK\$176.0 million), which was primarily attributable to the profit before income tax of HK\$570.9 million and partially offset by the increase in (i) trade and other receivables; (ii) interest paid; and (iii) income tax paid. Net cash used in investing activities amounted to HK\$665.6 million (1H2023: HK\$1,661.8 million), which was primarily attributable to (i) the payment for capital expenditure for 2023 Portfolio and 2024 Portfolio during the 1H2024; (ii) the settlement of the outstanding capital expenditure for the solar farm projects which had previously completed construction during the 1H2024; and (iii) advance to an investment accounted for using the equity method. Net cash generated from financing activities amounted to HK\$334.0 million (1H2023: HK\$490.5 million) which was primarily attributable to the new bank borrowing of HK\$2,338.4 million through partially offset by repayment of bank borrowings of HK\$1,958.6 million.

BUSINESS OUTLOOK

In May 2024, the State Council of the PRC issued the “2024-2025 Energy Conservation and Carbon Reduction Action Plan” (《2024-2025年節能降碳行動方案》)(the “**Action Plan**”). The Action Plan aims to lay a solid foundation for achieving the goals of carbon peaking and carbon neutrality for the “14th Five-Year Development Plan for Renewable Energy” (《“十四五”可再生能源發展規劃》). The Action Plan also proposes the increase in the development of non-fossil energy and grid consumption capacity of renewable energy. By 2025, the percentage of the use of non-fossil energy in the PRC is expected to reach around 39%.

In May 2024, the “Notice on Ensuring the High-Quality Development of New Energy by Improving New Energy Consumption and Enhancing the Capacity of Power Systems” (《關於做好新能源消納工作保障新能源高質量發展的通知》)(the “**Notice**”) was issued by the National Energy Administration of the PRC. The Notice outlines various methods, including accelerating the construction of new energy grid projects, optimising grid connection processes, improving system regulation capabilities, promoting electricity market mechanisms, and scientifically optimising new energy utilisation targets. The Notice emphasises the improvement to the current new energy consumption capacity, and it is believed that electricity curtailment losses will gradually decrease.

In February 2024, the Group entered into four sale and purchase agreements with four wholly-owned subsidiaries of Xinyi Solar, pursuant to which the Group agreed to acquire a total of eight utility-scale solar farm projects, with an aggregate approved capacity of 790 MW within an agreed timeframe. The Group will continue to analyse carefully the cash flows and the associated returns to the shareholders (the “**Shareholders**”) of the Company before making any acquisition. The Group will also make sure that its financial stability is consistent with a reasonable profitability. The acquisition plan of those solar farm projects is expected to be commenced at the third quarter of 2024.

Since the global interest rates are generally higher than those in the PRC, the use of the domestic bank borrowings in the PRC in financing the acquisition of the solar farm projects from Xinyi Solar can reduce the finance costs of the Group, as compared with the offshore bank borrowings. The Group increased the drawdown from the domestic bank borrowings during the 1H2024. As of 30 June 2024, 21.9% of the total bank borrowings were denominated in RMB and the effective interest rate per annum was dropped to 4.7%. During the 1H2024, the Group strategically refinanced its short-term bank borrowings by long-term ones. This move is aimed to alleviate the short-term financing pressure while ensuring the financial stability in the anticipation of the future challenges. As of 30 June 2024, there was only 40.2% of the bank borrowings of the Group were short-term, as compared to 58.0% as of 31 December 2023.

The decline in the PV module prices and installation costs has spurred completion of more solar farm projects in the PRC. However, this expansion has created temporary imbalance, impacting the grid's capacity to fully accommodating solar-generated electricity. The Group expects that electricity curtailment loss will continue throughout the year.

As more policies are introduced by the PRC government, efforts to tackle the electricity consumption issues are intensifying. The Directors believe that there will be improvements in the issues of the electricity consumption. Moreover, the Group intends to improve its financial position by increasing the utilisation of the domestic bank borrowings in the PRC to reduce the finance costs and replacing the short-term with the long-term bank borrowings to enhance the cash flows and the investment returns to the Shareholders.

CAPITAL EXPENDITURES AND COMMITMENTS

During the 1H2024, the Group incurred capital expenditures of HK\$629.8 million, which were mainly used in (i) the acquisition and further refinement of the existing and newly added solar farm projects and (ii) the settlement of outstanding capital expenditures of the existing solar farm projects. As of 30 June 2024, the Group did not have any capital commitments (31 December 2023: Nil).

PLEDGE OF ASSETS

The Group did not have any pledged asset as security for bank borrowings as of 30 June 2024.

CONTINGENT LIABILITIES

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

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

In June 2024, the Group completed the acquisition of a solar farm project with an approved capacity of 200 MW in the PRC by way of completing the transfer of all issued shares of Xinchuang Renewable Energy (Lianjiang) Limited (信創新能源(廉江)有限公司) pursuant to the sale and purchase agreement dated 28 April 2023.

Save as disclosed above, there was no material acquisition and disposal of subsidiaries for the 1H2024.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's solar farm projects are in the PRC with most of the transactions denominated and settled in RMB. The financial performance and assets value could be affected by the exchange rate fluctuation between RMB and HK\$. The Group may use financial instruments for hedging purposes when faced with material difficulties and liquidity problems resulting from currency exchange rate fluctuation.

All of the revenue generated from the solar farm projects is denominated in RMB and the majority of the bank borrowings are denominated in HK\$. As part of the treasury policies, the Group would strike a deliberate balance between the risk of currency mismatch and the interest rate differentials in HK\$ and RMB borrowings. As of 30 June 2024, 78.1% and 21.9% of the bank borrowings were denominated in HK\$ and RMB, respectively.

During the 1H2024, the Group has not experienced any material difficulties and liquidity problems resulting from the currency exchange rate fluctuation. However, the Group may use financial instruments for hedging purposes as and when required. During the 1H2024, the Group did not use any financial instrument for hedging purpose.

EMPLOYEES AND REMUNERATION POLICY

The Group highly values its employees, sharing mutual benefits and growth with them. The Group constantly explores each employee's potential and ability. Likewise, the Group will continue to hire new employees when appropriate to support business development.

As of 30 June 2024, the Group had 387 full-time employees in total in Hong Kong and the PRC. Total staff costs, including Directors' emoluments were HK\$32.9 million for the 1H2024. The employees are remunerated based on their qualifications, job nature, performance and work experiences, while taking reference from the prevailing market rate. Apart from the basic remuneration and discretionary bonus, the Group also provides a mandatory provident fund scheme to employees in Hong Kong and statutory social welfare contribution to employees in the PRC, while adhering to the local laws and regulations.

CAPITAL STRUCTURE

During the 1H2024, there has been no material change in the capital structure of the Company. The capital of the Group companies is the ordinary shares.

SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company in November 2018, 3,500,000 share options were granted to selected employees in March 2024. The validity period of the options is from 28 March 2024 to 31 March 2028. One third of the options will vest on each of 31 December 2024, 2025 and 2026 if each grantee has met the conditions of vesting as stated in the letter of grant.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in note 17 to the condensed consolidated financial information in this announcement, there was no significant event affecting the Group which occurred after 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 2.3 HK cents per share for the 1H2024 (1H2023: 3.4 HK cents) to be paid to the Shareholders 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 register of members of the Company will be closed from Thursday, 15 August 2024 to Monday, 19 August 2024 (both days inclusive), during which 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 by 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 SECURITIES

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

CORPORATE GOVERNANCE

The Directors confirm that the Company has complied with the applicable code provisions contained in the Corporate Governance 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix C3 to the Listing Rules as its own 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 unaudited interim results for the 1H2024 have not been reviewed by the external auditor but have been reviewed by the Company’s audit committee, comprising three independent non-executive Directors, namely, Mr. LEUNG Ting Yuk (Chairman of audit committee), The Hon. IP Kwok Him, G.B.M., G.B.S., J.P. and Ms. LYU Fang.

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 ENERGY HOLDINGS LIMITED

LEE Shing Put, B.B.S.

Chairman and Executive Director

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. (Chairman of the Board), Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P., Mr. TUNG Fong Ngai and Mr. LEE Yau Ching, and three independent non-executive Directors, namely Mr. LEUNG Ting Yuk, The Hon. IP Kwok Him, G.B.M., G.B.S., J.P. and Ms. LYU Fang.

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