LEADING
GREEN NEW ENERGY
XINYI SOLAR

2024 ANNUAL REPORT

信義光能控股有限公司
XINYI SOLAR HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 00968

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. LEE Shing Put, B.B.S.
(Vice Chairman and Chief Executive Officer)
Mr. LEE Yau Ching
Mr. LI Man Yin
Mr. CHU Charn Fai

NON-EXECUTIVE DIRECTORS

Dr. LEE Yin, Yee, S.B.S. (*Chairman*) [ø~]
Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*
(*Vice Chairman*) [ø<]

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LO Wan Sing, Vincent [#+<]
Mr. KAN E-ting, Martin [#ø<]
Ms. LEONG Chong Peng [*ø<]

- * Chairperson of audit committee
- \# Members of audit committee
- \+ Chairman of remuneration committee
- ø Members of remuneration committee
- ~ Chairman of nomination committee
- < Members of nomination committee

COMPANY SECRETARY

Mr. CHU Charn Fai

REGISTERED OFFICE

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Hutchins Drive
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Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MAINLAND CHINA

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Development Zone
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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AUDITOR

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Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
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PRINCIPAL BANKERS

Bank of China (Hong Kong)
China Citic Bank
China Construction Bank
China Merchants Bank
Hang Seng Bank
HSBC
Huaxia Bank
Huishang Bank
Industrial Bank
Malayan Banking Berhad
Sumitomo Mitsui Banking Corporation

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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WEBSITE

http://www.xinyisolar.com

SHARE INFORMATION

Place of listing: Main Board of The Stock Exchange of Hong Kong Limited
Stock Code: 00968
Listing date: 12 December 2013
Board lot: 2,000 ordinary shares
Financial year end date: 31 December
Share price as of 31 December 2024: HK$3.14
Market capitalisation as of 31 December 2024: Approximately HK$28.51 billion

KEY DATES

Closure of register of members for the purpose of entitlement to attend and vote at the Annual General Meeting: Tuesday, 27 May 2025 to Friday, 30 May 2025 (both days inclusive)
Date of Annual General Meeting: Friday, 30 May 2025

Chairman's Statement

On behalf of the Board (the "**Board**") of Directors (the "**Directors**") of Xinyi Solar Holdings Limited (the "**Company**" or "**Xinyi Solar**"), I am pleased to present herewith the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024.

OVERVIEW

The profit performance of the Group decreased significantly in 2024. Such decrease was primarily attributable to the reduced amount of the profit contributions from the solar glass business of the Group. In 2024, the photovoltaic ("**PV**") industry in the People's Republic of China (the "**PRC**") faced unprecedented challenges. The global PV installations transitioned from a rapid growth to a steady development. In addition to the trade barriers, the high interest rate environment, and complicated geopolitical conditions, the supply-demand imbalances and the excessive competition led to the significant decreases in the average selling price ("**ASP**") of the solar glass products. Despite these difficulties, the Group's solar glass business achieved a growth in the sales volume, but at reduced gross profit margins. The reduced profit margin, together with the impairment provisions for the suspended production facilities and the inventory write-downs, resulted in a decrease in the amount of the net profit of the Group in 2024 as compared to 2023.

In 2024, the Group recorded revenue of RMB21,921.4 million, representing a decrease of 9.3% as compared to 2023. Profit attributable to equity holders of the Company decreased by 73.8% to RMB1,008.2 million. Basic earnings per share for 2024 were 11.27 RMB cents, compared to 43.17 RMB cents for 2023.

BUSINESS REVIEW

Global PV installations continue to grow steadily

After two years of rapid growth, the global PV installations continued to increase steadily in 2024, but at a slower rate than that in 2023. The growth momentum slowed in major solar economies, except for India, where the growth rate was significantly higher than that in the previous year. Key markets within the European Union ("**EU**"), including Spain, Poland and the Netherlands, experienced contraction in installations, resulting in only a slight increase in the overall PV installations across the EU for the year. While China's PV installations remained at a high level, its growth rate in 2024 declined as compared to the high growth rate in 2023.

The trade barriers, the high interest rate environment, macroeconomic uncertainty and the complicated geopolitical and economic relations have created different challenges and uncertainties to the development of the solar industry in the PRC. As a result, the growth rate of the global PV installations was at a slow pace in 2024, as compared to the unprecedented expansion in 2023.

Given the PV systems have become more affordable, the global PV installations continued to show diversified development. In addition to the traditional major PV markets, such as China, the United States, India, Germany and Brazil, some emerging markets, like countries in the Middle East and Africa, have also experienced a rapid growth in the PV development in recent years. The number of countries installing one gigawatt ("**GW**") of new PV capacity annually is also increasing. The PV power generation is transitioning from a marginal energy source to an important part of the energy system in various countries. Compared to the other fossil and non-fossil energy sources, the competitiveness of the solar power generation is prominent, and its development potential remains immense.

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

The year of 2024 marked the second consecutive year in which China accounted for more than half of the world's new solar capacity installations. According to the statistics published by the National Energy Administration ("**NEA**"), China's newly installed PV capacity increased 28.3% year-on-year to 277.57GW in 2024, with the utility-scale ground-mounted projects accounting for 159.39GW, up 32.8% year-on-year, and the distributed generation projects accounting for 118.18GW, up 22.7% year-on-year.

Although China's PV installations remained high throughout the year, the grid capacity and the power curtailment issues continued to be the primary adverse factors. The power absorption and the peak-load balancing problems have gradually emerged, leading to the increases in the frequency and the scale of power curtailment in some areas. Due to the uncertainties in the sales volume and the electricity prices, together with the tightening land policies and the rising land costs, many solar project investors have delayed or reduced the amount of their investments, which limited the demand growth of the downstream installation.

The optimisation of the grid structure, effective use of the energy storage facilities, acceleration of the electricity market reforms and the improvement in the market mechanism are important measures to enhance the solar energy utilisation and promote the stable and healthy development of the industry. In the early of 2024, the National Development and Reform Commission and the NEA issued "Guiding Opinions on the High-Quality Development of Distribution Grids under New Circumstances" (《關於新形勢下配電網高品質發展的指導意見》), which proposed the establishment of a new type of power distribution system that is safe, efficient, clean, low-carbon, flexible and integrated intelligently. Once the relevant measures are implemented by various government departments and other organisations, it is believed that they would benefit the development of the solar energy in the long term, enhance the power grid capacity, increase the future development opportunities for PV power generation and promote the sustainable development of the solar value chain.

Supply-demand imbalances led to a sharp decrease in the product prices in the solar industry

The development of the solar industry for 2024 was dominated by the increasing competitions, supply-demand imbalances, decreases in the component prices, consolidation amongst the industry players and widespread trade protectionism.

The rapid growth of the PV market in recent years has led to a significant increase in the capacity across various segments of the solar value chain. By 2024, the rapid expansion of the downstream installations came to a halt, with the demand growth returning to the normal levels. However, the industry supply did not adjust promptly, which resulted in the continued capacity increases. Consequently, the sector was undergoing unprecedented cyclical adjustments because of the supply-demand imbalances, which also caused significant decreases in the component prices. Most segments of the solar value chain have been affected in different degrees, and many companies are suffering losses and financial difficulties. Less efficient companies have begun to reduce their production volume or even shut down their operations, resulting in a wave of consolidation and mergers and acquisitions in the industry.

Chairman's Statement

In response to the widespread losses in the industry and to prevent the "involution" and the vicious competition, the business representatives and the industry associations have engaged in extensive discussions to strengthen the self-regulations in the industry. Their focus is on the optimisation of the market's survival-the-fittest mechanism by facilitating the fadeout of the outdated and inefficient capacities, promoting technological innovation, and enhancing the improvements in the industry standards. The regulatory authorities have also strengthened their communications with the industry associations and companies for the purpose of supporting these initiatives. The capacity consolidations and adjustments in the PV industry are underway.

Apart from the above, the trade protection measures have also affected the industry's development. In 2024, some countries imposed or threatened to impose additional tariffs on the imported PV products. However, the overall impact of these additional tariffs on the Group's solar glass business is expected to be short-term and relatively insignificant. First, if the additional tariffs apply only on the PV modules, the Group may adjust the destinations of its solar glass sales based on the actual location of module production capacity. Second, if the tariffs specifically target the solar glass products, the Group's production facilities in both China and overseas enable it to respond flexibly to the needs of its customers in different countries.

Timely adjustment of the solar glass production capacity to cope with the market changes

In 2024, the solar glass industry, like other segments of the solar value chain, also faced challenges from the increasing market competitions, significant decreases in the product prices and reducing profit margins. With the industry consolidation and improvement, including measures such as shutting down production lines, delaying the rollout of new capacity and reducing output from the existing production facilities, the industry's production capacity has been gradually adjusted. The shutdown and the capacity reduction in the second half of 2024 not only fully offset the capacity increase in the first half of the year, but also reduced the industry's overall capacity to the level below the level at the beginning of the year.

To response to the market changes, the Group has consistently enhanced various measures on risk management and cost controls and adjusted the inventory levels for the purpose of maintaining a balance between production and sales. The Group has also carefully monitored the recovery risks associated with the trade receivables. At the same time, the Group has promptly adjusted its solar glass production capacity. The actual number of the new production lines put into operation in 2024 was reduced from the original plan of six lines (with the daily melting capacity of 6,400 tonnes) to four lines (with the daily melting capacity of 4,400 tonnes). Additionally, the operating capacity has also decreased from 27,000 tonnes/day as of 30 June 2024 to 23,200 tonnes/day as of 31 December 2024. These adjustments enable the Group to reallocate its resources, leverage its technological and cost advantages, enhance overall competitiveness and navigate the market fluctuations effectively.

Despite the complicated and the increasingly competitive market environment in 2024, the Group's solar glass business achieved a 9.6% year-on-year growth in sales volume (in tonnes). However, the revenue and the gross profit (excluding impairment losses on property, plant and equipment ("**PPE**")) of this business segment decreased by 11.9% and 60.5%, respectively, as compared to 2023, primarily due to the significant year-on-year decrease in the ASP of solar glass products, especially in the second half of the year. The decreases in the ASP, along with the impairment provisions for certain solar glass production facilities and inventory write-down, are the major reasons for the decrease in the profit contribution from the Group's solar glass business for 2024.

Steady growth of solar farm business

The Group completed the grid connection of two utility-scale ground-mounted solar farm projects with a total capacity of 300 megawatts ("**MW**") in the first half of 2024, with no additional projects completed in the second half. This is primarily due to a rising trend in the power curtailment in some regions, as well as the increased requirements for the mandatory energy storage and the market-based electricity trading, leading to greater uncertainty in the expected investment returns. As a result, the Group slowed down the construction of new solar power projects in the second half of 2024, while still actively seeking possible projects and conducting preliminary feasibility studies.

During 2024, 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 80.5% of the electricity generation revenue and other wholly-owned subsidiaries of the Company accounted for remaining of 19.5%. Regarding the disposal of solar farm projects, the Group completed the disposal of the solar farm projects with a total capacity of 860MW to Xinyi Energy in 2024. These transactions were conducted in line with the business delineation between the Group as the solar farm developer and Xinyi Energy as the operator, facilitating a faster replenishment of the working capital deployed in the project development.

As of 31 December 2024, the cumulated approved grid-connected capacity of the Group's solar farm projects was 6,244MW, of which 5,841MW was for the utility-scale ground mounted projects, and 403MW was for the distributed generation projects for the Group's own consumption or sale to the grid. In terms of the ownership, the solar farm projects with a capacity of 4,555MW were held through Xinyi Energy; solar farm projects with a capacity of 1,589MW were held through certain 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.

Expand the financing channels, optimise the bank financing and enhance the financial liquidity

In late December 2024, the Company applied to the National Association of Financial Market Institutional Investors (the "**Association**") in the PRC to register the proposed issuance of debt financing instruments (the "**Panda Bonds**") up to RMB3.0 billion. The specific terms have yet to be determined, and the Panda Bonds may be issued in multiple tranches over a period of up to two years following the acceptance of the registration. The proposed issuance of Panda Bonds could provide the Group with an additional source of financing, thereby optimising the Group's capital structure. In addition, as a significant portion of the Group's assets, operations and revenues are denominated in RMB, the Panda Bonds can also serve as a natural hedge against fluctuations in the exchange rate of RMB, which in turn reduces the Group's exposure to foreign exchange-related risks. The application for the registration of the proposed issuance of the Panda Bonds was approved by the Association on 12 March 2025.

Chairman's Statement

During 2024, the Group continued to re-finance the Hong Kong dollar bank loans by RMB bank loans, taking advantage of the low RMB borrowing rates as compared to those of Hong Kong dollars or US dollars. As a result, the proportion of the RMB bank loans increased from 33.8% as of 31 December 2023 to 84.3% as of 31 December 2024. Additionally, the share of the long-term bank loans rose from 34.5% as of 31 December 2023 to 47.2% as of 31 December 2024, contributing to improved financial liquidity.

Due to the persistently high interest rates on the Hong Kong dollar loans, some of the RMB-denominated capital loans previously provided by the Company's Hong Kong subsidiaries to its PRC subsidiaries were terminated in 2024, in order to repay the Hong Kong bank loans. This internal fund allocation has not affected the Group's consolidated net assets; however, the related foreign exchange loss of RMB240.2 million, previously recorded in the foreign exchange reserves on the consolidated balance sheet, was reclassified to the consolidated income statement, thereby impacting the Group's net profit for 2024.

As of 31 December 2024, the amount of RMB-denominated capital loans provided by the Hong Kong subsidiaries to the PRC subsidiaries that remained outstanding was RMB2,955.3 million. The corresponding foreign exchange loss of RMB341.3 million has been included in the foreign exchange reserves. Going forward, the foreign exchange differences related to these outstanding RMB-denominated capital loans will continue to be recorded in the foreign exchange reserves and reclassified to the consolidated income statement at the time of the loan termination.

BUSINESS OUTLOOK

With the cost advantages and continuous technological advancement, the solar energy continues to enjoy a clear competitive edge over the other sources of renewable energy and fossil fuels. The industrial production and the daily electricity consumption, the increasing use of electric vehicles, the advancement in the artificial intelligence and the operation of data centres will increase the electricity consumption. Combining the solar power with the energy storage technology and the smart grids can effectively address this growing electricity demand and support the sustainable development.

The solar industry has not yet overcome its challenges, with the product prices across all segments of the solar value chain decreasing below the cost for many companies. Reducing the production capacity to address the supply-demand imbalance, stabilise the market prices and enhance the overall profitability are the consensus and the top priority of the industry. However, the different conditions across different segments along the solar value chain make the timeline for the capacity adjustments uncertain. It remains to be seen whether these adjustments will occur through the market mechanisms, the closure of the excess production capacity or the implementation of self-regulatory measures such as price limits and production restrictions.

Currently, the development of the solar glass industry is still hindered by the imbalance in the supply and demand as well as the intensive competitions. Furthermore, as the first quarter is traditionally a low season for the solar installations, it is anticipated that the Group's business environment will remain challenging in the short term. However, a new outlook may emerge as the industry capacity adjustments take effect. Due to the energy consumption and emission controls, as well as the implementation of the capacity replacement policies and measures, the increase in the production capacity in the solar glass industry is restricted. More encouragingly, the industry's capacity decreased in the second half of 2024 in response to the market conditions. This development is expected to continue in the early of 2025, gradually narrowing the gap to the supply-demand equilibrium point.

The Group's planning on the solar glass production capacity depends on the changes in the global demand for the PV installations, the development of the solar value chain and its own development strategy. As of the end of 2024, the Group's total daily melting capacity for solar glass was 32,200 tonnes, comprising 23,200 tonnes in operation, 4,000 tonnes that the Group preliminarily plans to commence operation in 2025 subject to the market conditions, and 5,000 tonnes pending further arrangements. Concerning the new production bases, two solar glass production lines are currently under construction in Indonesia and are expected to commence production in the first quarter of 2026. Meanwhile, the development of the new production bases in Yunnan and Jiangxi Provinces in China has been put on hold. The Group will continue to explore other suitable locations for its new production capacity in China and overseas and adjust the construction timeline and commissioning schedule for the new production capacity according to market trend.

The current industry cycle adjustment is unprecedented in its scope and impact. The Group will maintain a prudent business management approach, closely monitor the financial risks, control the costs and the capital expenditures, and enhance the efficiency improvement measures to strengthen its competitive edge. The gradual fadeout of the outdated capacity signifies that the solar glass industry will experience a more stable and healthy development. As a leading enterprise in the industry, the Group will continue to leverage its strengths to enhance the product quality control and technological innovation, optimise its product portfolio, foster a greater customer recognition and support, and contribute to the industry's high-quality development.

As for the solar farm business, the Group will adhere to the principle of quality and will give due consideration to investment return when evaluating new investment projects. However, the increase in the mandatory energy storage and the market-based electricity sales requirements, along with the land supply constraints and the grid connection issues, have created uncertainty to the project investment returns. Consequently, the Group has not yet established a new grid connection capacity target for 2025.

Chairman's Statement

The construction of the Group's polysilicon production facilities in Yunnan Province, the PRC, has been substantially completed and preparatory work has entered into the final stage. Currently, the Group has no plan to expand its polysilicon production capacity. Any future polysilicon investment plans will only be considered after the successful commissioning of the existing production capacity in light of the prevailing market conditions and the Group's overall business development strategy.

The global transition to the green energy will continue to increase the use of the solar power. While it is difficult to estimate how long it will take for the PV industry to adjust and integrate, the Board is confident in the long-term prospects of the PV industry and the sustained healthy growth of the Group's business. The Group will continue to uphold its corporate mission of "Leading Green New Energy" and promote the parallel, sustainable and high-quality development in its solar glass and solar farm businesses for the purpose of generating long-term economic value to its shareholders.

Dr. LEE Yin Yee, S.B.S.
Chairman

Hong Kong, 28 February 2025

Management Discussion and Analysis

FINANCIAL REVIEW

Despite the complicated and challenging business environment in 2024, the Group's sales volume of solar glass products still grew by 9.6%. However, due to the imbalance of supply and demand in the solar industry and intensive competitions, the product prices declined significantly, resulting in a revenue and gross profit (excluding impairment losses on PPE) decrease of 11.9% and 60.5%, respectively, from the solar glass segment compared to 2023. Additionally, the impairment provisions for suspended production facilities and inventory write-downs further reduced the performance of this segment. Although the Group's solar farm business maintained steady growth, it could not offset the impact of decreasing profits from the solar glass business, resulting in a decrease in the Group's overall profit for 2024 compared to 2023.

Revenue

Revenue for the year ended 31 December 2024 was mainly derived from two core business segments, namely, the sales of solar glass and the solar farm business.

Revenue – By Product

	Year Ended 31 December					
	2024		2023		Increase/(Decrease)	
	RMB million	***% of revenue***	*RMB million (Restated)*	*% of revenue*	*RMB million*	*%*
Sales of solar glass	**18,820.0**	**85.9**	21,358.6	88.4	(2,538.5)	(11.9)
Solar farm business	**3,017.3**	**13.8**	2,691.4	11.1	325.8	12.1
Unallocated	**84.1**	**0.4**	113.7	0.5	(29.5)	(26.0)
Total external revenue*	**21,921.4**	**100.0**	24,163.7	100.0	(2,242.2)	(9.3)

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

Management Discussion and Analysis

Solar Glass Revenue – By Geographical Area

	Year Ended 31 December					
	2024		2023		Increase/(Decrease)	
	RMB million	***% of revenue***	*RMB million (Restated)*	*% of revenue*	*RMB million*	*%*
Mainland China	**14,428.4**	**76.7**	16,441.2	77.0	(2,012.7)	(12.2)
Other areas in Asia	**3,287.7**	**17.5**	4,080.6	19.1	(792.9)	(19.4)
North America and Europe	**660.7**	**3.5**	820.4	3.8	(159.7)	(19.5)
Others	**443.2**	**2.4**	16.4	0.1	426.8	2,601.1
Total solar glass revenue*	**18,820.0**	**100.0**	21,358.6	100.0	(2,538.5)	(11.9)

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

For the year ended 31 December 2024, the Group's revenue from sales of solar glass decreased by 11.9% year-on-year to RMB18,820.0 million. The decrease was mainly attributable to the significant drop in the ASP, partially offset by the increase in sales volume.

The global PV installations in 2024, while slower than in the previous two years, still showed a notable increase. To capitalise on these market opportunities, the Group continued to expand its solar glass production capacity, especially in the first half of 2024. With this expansion and proactive marketing strategies, the Group's sales volume of solar glass (in term of tonnage) increased by 9.6% year-on-year in 2024, despite intense market competition.

In terms of the geographic distribution of solar glass sales, there was no significant change compared to the previous year. Overseas sales and sales in Mainland China accounted for 23.3% (2023: 23.0%) and 76.7% (2023: 77.0%), respectively, of the Group's total solar glass sales in 2024. The geographic mix of the Group's solar glass sales was generally consistent with the distribution of the global solar module production capacity. However, sales revenue from both domestic and international markets declined due to a significant decreases in the ASP. Furthermore, the trade barriers resulting from the geopolitical conflicts had a considerable impact on the solar glass demand from the Southeast Asia, leading the Group to actively explore other emerging markets such as Turkey and countries in the Middle East and South America.

In 2024, the solar glass prices exhibited a general downward trend. The market prices began to decrease in May 2024, with significant price decreases occurring in the second half of 2024, resulting in a percentage of decreases that was rarely seen in the recent years. The significant price decreases were primarily driven by a slowdown in the demand growth, coupled with a continued increase in the supply side. This imbalance between the supply and demand led to the market prices dropping below the cost for many producers. In the second half of 2024, the solar glass industry accelerated its capacity adjustments through cold repairs and reduction in the production volume, leading to the reduction in the industry supply. As a result, the decreases in the product prices gradually stabilised by the end of the year.

The Group's electricity generation revenue for the year ended 31 December 2024 was mainly derived from the solar farms located in the PRC as shown below.

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

* The weighted average FiT rate is proportionally weighted according to the base FiT (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 were determined in accordance with market-based trading mechanisms.

Management Discussion and Analysis

The amount of sales revenue from the solar farm segment increased steadily by 12.1% from RMB2,691.4 million in 2023 to RMB3,017.3 million in 2024. Given the uncertainty surrounding the project investment returns, the Group has slowed the development and construction of the new solar farm projects. After achieving its annual target of 300MW of new grid connections in the first half of 2024, the Group has not connected any new solar farms to the grid. The increase in the sales revenue was mainly attributable to the new capacity increase during the first half of 2024 and the full-year contribution from the capacity added in 2023, partially offset by the lower weighted average FiT. In 2024, the electricity tariffs in most regions of the PRC decreased in different degrees. This, coupled with a gradual increase in the proportion of market-based electricity trading and power curtailment issues, has added uncertainty on revenue for this segment.

Similar to other solar farm operators in the PRC, the Group has experienced delays in receiving the government subsidies related to the electricity generation of its subsidised solar farm projects. As of 31 December 2024, the Group's outstanding tariff adjustment (subsidy) receivable amounted to RMB4,747.3 million. Receivables from sales of electricity are generally settled on a monthly basis by state grid companies, while tariff adjustment (subsidy) receivables are settled in accordance with prevailing government policies. As of 31 December 2024, the Group had subsidised solar farm projects with 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

Gross profit decreased by RMB2,993.0 million, or 46.3%, from RMB6,466.2 million in 2023 to RMB3,473.1 million in 2024. Overall gross margin fell to 15.8% (2023: 26.8%). This decline was primarily driven by a reduction in profit contribution from the solar glass business, which fully offset the increase from the solar farm business.

The decline in the profit contribution from the solar glass business was primarily attributable to (i) significant decreases in the ASP compared to the previous year; (ii) impairment losses on PPE of RMB392.9 million; and (iii) provision for the write-down of inventories amounting to RMB159.3 million based on the lower of cost and net realisable value. Such decline was partially offset by (i) a reduction in procurement costs for certain raw materials and energy, such as soda ash, silica sand, and natural gas and (ii) efficiency improvements achieved through the ramp-up of new capacity, tighter cost controls, and streamlined operations.

The imbalance between the supply and demand resulted in a sharp reversal of market conditions, putting significant pressure on the profit performance of the Group's solar glass business in the second half of 2024, especially in the fourth quarter. This challenging environment has also prompted the Group to recognise the provision for inventory write-down and the impairment losses on certain solar glass production facilities which have suspended operations before their expected useful lives or scheduled maintenance. These facilities have minimal recoverable amounts and are awaiting repair, refurbishment, and replacement. A strategic reduction in the production capacity could help the Group manage its inventory more effectively and enhance its overall competitiveness.

As affected by the decreases in the ASP, the provision for inventory write-down and the impairment losses on production facilities, the gross profit contribution from this segment decreased by 69.0% year-on-year to RMB1,425.0 million in 2024. The table below sets forth the calculation of the gross profit and gross profit margin of the Group's solar glass segment for the two years ended 31 December 2024.

Sales of solar glass	**2024** ***RMB'million***	2023 *RMB'million* *(Restated)*
Revenue	**18,820.0**	21,358.6
Cost of sales excluding impairment losses on PPE	**(17,002.1)**	(16,754.3)
Gross profit excluding impairment losses on PPE	**1,817.9**	4,604.3
Cost of sales - impairment losses on PPE	**(392.9)**	—
Gross profit	**1,425.0**	4,604.3
Gross profit margin excluding impairment losses on PPE	**9.7%**	21.6%
Gross profit margin	**7.6%**	21.6%

For the Group's solar farm business, gross profit contribution increased by 10.2% to RMB2,031.0 million in 2024 (2023: RMB1,843.0 million). The segment's gross profit margin decreased to 67.3% in 2024 (2023: 68.5%), primarily due to: (i) loss of electricity revenue stemming from grid consumption issues and (ii) increased electricity costs related to the use of energy storage equipment.

Other income

During the year, the Group's other income decreased by RMB62.5 million to RMB273.9 million, as compared to the RMB336.4 million recorded in 2023. The decline was mainly due to the decrease in government grant income, partially offset by the increases in scrap sales, compensation income from suppliers and insurance compensation income.

Other losses – net

Other losses, net increased by RMB50.2 million to RMB258.4 million in 2024 from RMB208.2 million in 2023. Other losses – net in 2024 mainly comprised: (i) foreign exchange losses, net of RMB213.0 million (2023: RMB156.1 million); (ii) losses on disposal of bills receivable at fair value through other comprehensive income of RMB46.5 million (2023: RMB51.3 million); and (iii) net fair value gains on financial assets at fair value through profit or loss of RMB14.4 million (2023: RMB27.2 million).

The foreign exchange losses, net in 2024 included currency translation differences of approximately RMB240.2 million (2023: RMB153.6 million) reclassified from exchange reserve upon termination of RMB-denominated capital loan between the group companies.

Management Discussion and Analysis

Selling and marketing expenses

The Group's selling and marketing expenses rose from RMB96.9 million in 2023 to RMB127.0 million in 2024, primarily driven by higher sales volume and increased in-house storage and logistics costs. The ratio of selling and marketing expenses to solar glass sales revenue was 0.7% in 2024 (2023: 0.5%).

Administrative and other operating expenses

Administrative and other operating expenses decreased by RMB72.1 million, or 6.6%, from RMB1,091.5 million in 2023 to RMB1,019.3 million in 2024. The decrease was mainly attributable to the decrease in research and development expenses of RMB60.7 million and staff costs of RMB19.0 million, which was partially offset by the increase in other miscellaneous expenses. Because of the decrease in revenue and the relatively fixed nature of certain expenses, the ratio of administrative and other operating expenses to revenue increased slightly from 4.5% in 2023 to 4.6% in 2024.

Finance costs

Finance costs increased from RMB348.7 million (or RMB464.4 million before capitalisation) in 2023 to RMB432.1 million (or RMB507.6 million before capitalisation) in 2024. The increase was mainly due to the increase average bank borrowings, partially offset by the decrease in interest rates. As loans borrowed in RMB comprised a larger portion of the Group's total bank borrowings during the year, the weighted average interest rate of the Group's bank borrowings decreased compared to the previous year.

During the year, interest expense of RMB75.5 million (2023: RMB115.7 million) was capitalised in the cost of solar glass, solar farms and polysilicon production facilities under construction. These capitalised amounts will depreciate together with the related assets over their estimated useful lives.

Share of net profit of investments accounted for using the equity method

In 2024, the Group's share of net profit of investments accounted for using the equity method was RMB17.4 million (2023: RMB25.5 million). The profit contribution from these investments was mainly derived from a 100MW solar farm project in Lu'an, Anhui Province, China, in which the Group has a 50% equity stake.

Income tax expense

Income tax expense decreased from RMB797.2 million in 2023 to RMB526.2 million in 2024. The decrease was primarily attributed to a lower profit contribution from the solar glass business, partially offset by an increase in tax expenses from the solar farm business and the payment of withholding tax for dividend distribution from subsidiaries in the PRC. The increase in tax expenses of the solar farm segment was mainly due to the expiration of income tax exemption/reduction period for certain solar farms and the payment of withholding tax on dividend distributions from certain subsidiaries in the PRC.

The Group's overall effective income tax rate rose from 15.6% in 2023 to 27.2% in 2024. This increase was primarily attributed to (i) a higher profit contribution from the solar farm business in 2024 compared to 2023, which was subject to a higher tax rate than the solar glass business and (ii) the payment of withholding tax for dividend distribution from subsidiaries in the PRC.

EBITDA and net profit

In 2024, the Group's EBITDA (earnings before interest, taxation, depreciation and amortisation) amounted to RMB4,392.8 million, representing a decrease of 38.2%, as compared to RMB7,107.5 million in 2023. The EBITDA margin (calculated on the basis of total revenue for the year) was 20.0% in 2024, compared to 29.4% in 2023.

Net profit attributable to equity holders of the Company in 2024 was RMB1,008.2 million, representing an decrease of 73.8% compared to RMB3,842.8 million in 2023. Net profit margin attributable to equity holders of the Company decreased to 4.6% in 2024 from 15.9% in 2023, mainly due to: (i) the decrease in profit contribution of solar glass business; (ii) impairment losses on solar glass production facilities; (iii) provision for inventory write-down; and (iv) increase in net losses on foreign exchange.

Financial resources and liquidity

In 2024, the Group's total assets increased by 3.4% to RMB56,932.5 million and shareholders' equity decreased by 0.3% to RMB29,051.8 million. As of 31 December 2024, the current ratio stood at 1.14, indicating stability compared to 1.15 on 31 December 2023.

For the year ended 31 December 2024, the Group's main sources of funding included cash generated from the Group's operating activities and credit facilities provided by banks. Net cash provided by operating activities amounted to RMB1,235.1 million (2023: RMB5,305.0 million). The decrease was mainly due to reduced profit contribution from solar glass business and increase in inventories. Net cash used for investing activities amounted to RMB3,769.2 million (2023: RMB9,418.8 million). The capital expenditure for 2024 was mainly used for the expansion of solar glass capacity, investment in new solar farm projects and construction of the polysilicon production facility in Yunnan Province, the PRC. Net cash generated from financing activities amounted to RMB773.0 million (2023: RMB1,974.0 million). During the year, the Group secured new borrowings of RMB13,493.1 million and repaid borrowings of RMB11,241.2 million. The Group's total dividends paid in cash to the shareholders of the Company and non-controlling interests in subsidiaries in 2024 amounted to RMB1,723.9 million (2023: RMB1,758.2 million).

As of 31 December 2024, the Group's net debt gearing ratio (calculated as borrowings less cash and bank balances divided by total equity) was 31.0% (2023: 17.5%). The change in the Group's gearing ratio was mainly due to the decrease in cash and bank balances and the increase in borrowings.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of RMB4,705.2 million for the year ended 31 December 2024 which were primarily used in the expansion and upgrade of solar glass production capacity, the construction of polysilicon manufacturing facility and the development of new solar farm projects. Capital commitments contracted for but not incurred by the Group as of 31 December 2024 amounted to RMB1,121.5 million, which were mainly related to the addition of new solar glass production facilities, development and construction of the solar farm projects and the balance payment for the construction of polysilicon production complex.

Management Discussion and Analysis

PLEDGE OF ASSETS

As of 31 December 2024, bills receivables of RMB82.2 million (2023: RMB5.0 million) was pledged as collaterals for obtaining letter of credit facilities in the PRC. Bills receivables of RMB2.8 million (2023: RMB19.0 million) was pledged as collaterals for obtaining bank acceptance bill. Bills receivables of RMB967.9 million (2023: RMB999.0 million) was transferred to banks for obtaining bank borrowings.

CONTINGENT LIABILITIES

As of 31 December 2024, the Group did not have any significant contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in note 15 to the consolidated financial statements in this annual report, there was no material acquisition and disposal of subsidiaries and associated companies during the year ended 31 December 2024.

EVENTS AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 31 December 2024 and up to the date of this annual report.

TREASURY POLICIES, EXPOSURE TO FLUCTUATION IN FOREIGN EXCHANGE RATES

The presentation currency of the Group's consolidated financial statements and the functional currency of its main subsidiaries are both RMB, while the Company's functional currency is HKD. Since most of the Group's business transactions are settled in RMB and the majority of its assets are located in the PRC, the Group is not significantly exposed to foreign exchange risk.

Currency risk is partly associated with the Group's solar glass segment, where certain revenues and operating expenses of subsidiaries are denominated in currencies like the USD and Malaysian Ringgit. Fluctuations in the exchange rates of these currencies during the translation of results or the repatriation of earnings, equity investments, or loans may affect the Group's financial performance.

The Group faces additional foreign exchange risk associated with its bank borrowings. Specifically, while nearly all revenue from its solar farm operations is denominated in RMB, a portion of its bank borrowings is in HKD. To mitigate foreign exchange risk and capitalise on the interest rate differences between HKD and RMB bank borrowings, the Group has gradually increased the proportion of RMB bank borrowings, raising it from 33.8% as of 31 December 2023 to 84.3% as of 31 December 2024.

The Group seeks to minimise currency exposure primarily through natural hedging and does not engage in speculation regarding currency movements for asset and liability management. Decisions to hedge foreign currency risk are evaluated periodically based on the Group's exposure and anticipated fluctuations in the foreign exchange market. The Group has not encountered any significant difficulties or liquidity issues due to currency exchange fluctuations. For the year ended 31 December 2024, the Group did not utilise any financial instruments for hedging purposes, except for converting a bank loan in other currency into RMB debt using cross-currency swaps.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2024, the Group had about 9,645 full-time employees, with 8,211 based in Mainland China and 1,434 in other territories. The total staff costs, including the emoluments of the Directors, amounted to RMB1,279.8 million for the year ended 31 December 2024.

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.

Profile of Directors and Senior Management

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dr. LEE Yin Yee, S.B.S. (李賢義), aged 72, is a non-executive Director and the Chairman and is responsible for the formulation of the Group's overall business strategy. Dr. LEE Yin Yee, S.B.S. joined the Group in July 2006. Dr. LEE Yin Yee, S.B.S. was the executive Director and re-designated as non-executive Director on 31 July 2023. Dr. LEE Yin Yee, S.B.S. has 36 years experience in the glass industry. Dr. LEE Yin Yee, S.B.S. is the founder of Xinyi Glass Holdings Limited ("**Xinyi Glass**") (stock code: 00868), a company listed on the main board of the Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**" or "**Stock Exchange**"), and its subsidiaries ("**Xinyi Glass Group**") and is currently an executive director and the chairman of Xinyi Glass. Prior to establishing the Xinyi Glass Group, Dr. LEE Yin Yee, S.B.S. engaged in the trading of automobile parts. Dr. LEE Yin Yee, S.B.S. obtained an honourable doctorate degree in engineering from the Universiti Teknikal Malaysia Melaka in November 2018. Dr. LEE Yin Yee, S.B.S. is a committee member of the 10th-13th Chinese People's Political Consultative Conference and an honorary citizen of Shenzhen in the PRC. Dr. LEE Yin Yee, S.B.S. was appointed in December 2003 as the first chairman of Fujian Chamber of Commerce in Shenzhen (formerly known as Shenzhen Fujian Corporate Association). Dr. LEE Yin Yee, S.B.S. is also the Life Honorary Chairman of the Hong Kong Quanzhou Clans United Association and the Fukienese Association Limited in Hong Kong. Dr. LEE Yin Yee, S.B.S. is the brother-in-law of Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*, a non-executive Director, and an uncle of Mr. LEE Yau Ching, an executive Director. Dr. LEE Yin Yee, S.B.S. is the father of Mr. LEE Shing Put, B.B.S., an executive Director, Vice Chairman and Chief Executive Officer. Dr. LEE Yin Yee, S.B.S. was the chairman and non-executive director of Xinyi Energy Holdings Limited ("**Xinyi Energy**") (stock code: 03868), a company listed on the main board of the Hong Kong Stock Exchange, from May 2018 to August 2020.

EXECUTIVE DIRECTOR

Mr. LEE Shing Put (李聖潑), B.B.S., aged 47, is an executive Director, Vice Chairman and the Chief Executive Officer. Mr. LEE Shing Put, B.B.S. joined the Company in September 2013 and was appointed as a non-executive Director on 20 September 2013 to 30 July 2023. He was re-designated as an executive Director and Vice Chairman on 31 July 2023. He was appointed as the Chief Executive Officer of the Company since 1 April 2024. Prior to joining us, Mr. LEE Shing Put, B.B.S. had been engaged in information technology and investment businesses since 2001. Mr. LEE Shing Put, B.B.S. graduated from the Hong Kong University of Science and Technology in 2000 with a bachelor degree in business administration majoring in finance and economics; and graduated from the Peking University in 2016 with a master degree in business administration. Mr. LEE Shing Put, B.B.S. is Honorary Fellow of The Hong Kong University of Science and Technology. Mr. LEE Shing Put, B.B.S. was the executive director of Xinyi Glass from June 2004 to October 2008. Mr. LEE Shing Put, B.B.S. is currently a member of the 13th Guangdong Provincial Standing Committee of the Chinese People's Political Consultative Conference and the Hong Kong Deputy to the 14th National People's Congress. Mr. LEE Shing Put, B.B.S. is an executive director and chairman of Xinyi Energy Holdings Limited (stock code: 03868), a company listed on the main board of the Hong Kong Stock Exchange. Mr. LEE Shing Put, B.B.S. is the son of Dr. LEE Yin Yee, S.B.S. the Chairman and a non-executive Director, a cousin of Mr. LEE Yau Ching, an executive Director, and a nephew of Tan Sri Datuk TUNG Ching Sai *J.P.*, the Vice Chairman and a non-executive Director.

Mr. LEE Yau Ching (李友情), aged 49, is an executive Director. Mr. LEE Yau Ching is responsible for the Group's daily operation. Upon graduating from The Hong Kong University of Science and Technology in 1999 with a bachelor's degree in business administration majoring in finance, Mr. LEE Yau Ching joined the Xinyi Glass Group in June 1999. From June 1999 until February 2004, Mr. LEE Yau Ching worked in various functions within Xinyi Glass Group, including overseas sales, finance, production and sales of architectural glass and production and sales of automobile OEM glass. From February 2004 to January 2006, Mr. LEE Yau Ching was the chief marketing officer of Xinyi Glass Group responsible for planning the overall marketing strategy and overseeing the marketing department. From February 2006 to February 2011, Mr. LEE Yau Ching was the chief operations officer of Xinyi Glass Group. Mr. LEE Yau Ching has been an executive director of Xinyi Glass since 2004 and until the listing of the Company's shares on the Hong Kong Stock Exchange on 12 December 2013. Mr. LEE Yau Ching started to involve in our business in mid-2006 and had been the Chief Executive Officer overseeing our business from November 2010 to March 2024. Mr. LEE Yau Ching was awarded the "Young Industrialist Awards of Hong Kong 2014". Mr. LEE Yau Ching is a nephew of Dr. LEE Yin Yee, S.B.S., B.B.S., the Chairman and a non-executive Director, and a cousin of Mr. LEE Shing Put, B.B.S., an executive Director, Vice Chairman and Chief Executive Officer. Mr. LEE Yau Ching is the son of Mr. LEE Sing Din, one of the controlling shareholders of Xinyi Glass, Xinyi Solar and Xinyi Energy. Mr. LEE Yau Ching is an executive director of Xinyi Energy (stock code: 03868), a company listed on the main board of the Hong Kong Stock Exchange.

Mr. LI Man Yin (李文演), aged 70, is an executive Director and is responsible for overseeing the purchase and procurement functions of the business since December 2011. Mr. LI Man Yin was appointed as an executive Director on 20 September 2013. Mr. LI Man Yin has been an executive director of Xinyi Glass since June 2004 until the listing of the Company's shares on the Hong Kong Stock Exchange on 12 December 2013.

Mr. CHU Charn Fai (朱燦輝), aged 55, is an executive Director, Financial Controller and Company Secretary of the Group. Mr. CHU joined the Group in April 2011. Prior to joining the Group, Mr. CHU was the financial controller of Minmetals Resources Limited (currently known as MMG Limited) (stock code: 01208), a company listed on the main board of the Hong Kong Stock Exchange, from August 2002 to August 2010. Mr. CHU started working with Minmetals Resources Limited in February 1998 and held various positions in the finance department during the period up to July 2002 and before which, Mr. CHU worked in an international accounting firm for around four years. Mr. CHU received a master's degree in corporate finance from The Hong Kong Polytechnic University in 2006. Mr. CHU is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. CHU was appointed as Company Secretary of Xinyi Energy (stock code: 03868), a company listed on the main board of the Hong Kong Stock Exchange, since July 2024.

Profile of Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Tan Sri Datuk TUNG Ching Sai ***P.S.M, D.M.S.M, J.P.*** **(董清世)**, aged 59, is a non-executive Director and the Vice Chairman and is responsible for the formulation of the Group's overall business strategy and overseeing the implementation of the business strategies. Tan Sri Datuk TUNG Ching Sai *J.P.* joined the Group in July 2006. Tan Sri Datuk TUNG Ching Sai *J.P.* has been working in Xinyi Glass Group for 36 years since its inception and is currently an executive director and the chief executive officer of Xinyi Glass. Tan Sri Datuk TUNG Ching Sai *J.P.* is a member of The National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議全國委員會成員), a standing committee member of the Guangxi Zhuang Autonomous Regional Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議廣西壯族自治區委員會常委), vice chairman of the China Architectural and Industrial Glass Association (中國建築玻璃與工業玻璃協會), a member of the executive committee of the All-China Federation of Industry and Commerce (全國工商聯執行委員會委員), chairman of the Happy Hong Kong Foundation, and the president of Hong Kong Industrial & Commercial Association. Tan Sri Datuk TUNG Ching Sai *J.P.* obtained the Third Shenzhen Municipal Ten Outstanding Young Entrepreneurs award in September 2001 and was awarded the "Young Industrialist Awards of Hong Kong 2006". Tan Sri Datuk TUNG Ching Sai *J.P.* graduated from the Sun Yat-Sen University with a senior executive master degree in business administration in 2007. Tan Sri Datuk TUNG Ching Sai *J.P.* is the brother-in-law of Dr. LEE Yin Yee, S.B.S., the Chairman and a non-executive Director, and uncle of Mr. LEE Shing Put, B.B.S., an executive Director, Vice Chairman and Chief Executive Officer. Tan Sri Datuk TUNG Ching Sai *J.P.* is the chairman and non-executive director of Xinyi Electric Storage Holdings Limited (stock code: 08328), a company listed on the GEM of the Hong Kong Stock Exchange and an executive director and vice chairman of Xinyi Energy (stock code: 03868), a company listed on the main board of the Hong Kong Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. LO Wan Sing, Vincent (盧溫勝), aged 77, is a member of the National Committee of the 10th, 11th and 12th Chinese People's Political Consultative Conference (中國人民政治協商會議). Mr. LO was awarded Silver Bauhinia Star (SBS) by the government of the Hong Kong Special Administrative Region in July 2017. Mr. LO serves as an independent non-executive director of Ever Harvest Group Holdings Limited (stock code: 01549) which listed on the main board of the Hong Kong Stock Exchange.

Mr. KAN E-ting, Martin (簡亦霆), aged 42, graduated from the University of Sydney with a bachelor's degree in engineering majoring in software engineering in 2005 and a bachelor's degree in laws in 2007. Mr. KAN joined Mallesons Stephen Jaques (now known as King & Wood Mallesons) in August 2008 as a trainee solicitor and left the firm as a solicitor in corporate finance and capital markets practice in February 2013. Mr. KAN was admitted as a lawyer of the Supreme Court of New South Wales, Australia, in July 2008. Mr. KAN was admitted as a solicitor of the High Court of Hong Kong in April 2011. From April 2013 to December 2016, he was the deputy general manager and general manager of Ming Hong Technology (Shenzhen) Limited and Shenzhen Ming Hong Technology Limited respectively, which are primarily engaged in the business relating to the design and production of consumer electronics products.

Ms. LEONG Chong Peng (梁仲萍), aged 51, holds a bachelor's degree in commerce from Curtin University and is an associate member of the Hong Kong Institute of Certified Public Accountant, a Fellow Certified Practising Accountant ("**FCPA**") of Australia and a Registered Company Auditor in Australia. Ms. LEONG is experienced in auditing, accounting, corporate governance, risk management and corporate compliance and has been involved in initial public offering transactions for companies in Hong Kong and Australia.

Ms. LEONG currently is practising as a FCPA and a Registered Company Auditor in Australia. Ms. LEONG was an executive director in Pitcher Partners Perth (Baker Tilly International Affiliates) from 2011 to 2015, director in Monash Group (merged with Pitcher Partners Perth in 2011) from 2006 to 2011 and had previously worked with Ernst & Young in Hong Kong, Shanghai and Perth. Ms. LEONG has extensive audit experience during the past 27 years. Ms. LEONG has participated in the audit engagements for multinationals and listed companies in Hong Kong, China and Australia.

SENIOR MANAGEMENT

Mr. LIU Xiao Rong (劉笑榮), aged 45, is the Vice President of the Group, responsible for overseeing the Group's ultra-clear photovoltaic glass business. Mr. LIU obtained a bachelor's degree in inorganic non-metal materials from Northwest Institute of Light Industry* (西北輕工業學院) (now known as Shanxi University of Science & Technology (陝西科技大學)) in July 2002. Mr. LIU joined Xinyi Glass Group in July 2007 as a raw material engineer of our solar glass business. From February to June 2009, Mr. LIU was transferred to the group management office of Xinyi Glass as an assistant of the chief executive officer, focusing on the development of our solar glass business. Since October 2008, Mr. LIU has been working for the Group and worked as vice general manager of production from October 2010 to December 2013. In December 2013, Mr. LIU was appointed as general manager of the Group's ultra-clear photovoltaic glass business.

Mr. LI Bin Wei (李斌偉), aged 42, is the Vice General Manager of the Group, responsible for overseeing the Group's solar farm development and construction business. Mr. LI studied Non-metallic Materials Science at Xiamen University (廈門大學) from 2001 to 2004. Mr. LI joined the Xinyi Glass Group in February 2005 and worked in various departments such as sales, procurement, etc. Mr. LI joined Xinyi Solar in 2010 and was responsible for the procurement function of Wuhu production complex. Since 2016, Mr. LI was responsible for the procurement function of solar farm development and construction system. Starting in 2020, in addition to the procurement function, Mr. LI was also responsible for the technical and other management functions of solar farm development and construction system.

* *For identification purpose only.*

Corporate Governance Report

The Board recognises the importance of good corporate governance in the management structure and internal control procedures of the Group for the purpose of ensuring that all business activities of the Group and the decision-making process are properly regulated and are in full compliance with the applicable laws and regulations. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set forth in Appendix C1 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the year of 2024.

In the opinion of the Board, the Company has complied with the applicable principles and code provisions of the CG Code for the year ended 31 December 2024 except for the deviation from code provision C.2.1.

The Board is collectively responsible for the long-term success of the Company. Its key responsibilities include providing leadership and supervision to the management with a view to protecting the Shareholders' interests and enhancing Company's long-term value.

The Board has established the Group's purpose, values and strategies and was satisfied that they are aligned with the Group's culture. All Directors must act with integrity, lead by example, and promote the desired culture. The Board should instil and continually reinforce across the Company's values of "acting lawfully, ethically and responsibly".

During the year ended 31 December 2024, the Board closely monitored the implementation of corporate governance practice, risk management and internal control systems to ensure the corporate value and the Company's culture are aligned.

BOARD OF DIRECTORS

One of the responsibilities of the Board is to prevent fraud and non-compliance issues, safeguard the assets of the Group and formulate the overall business strategies for the Group. The Board currently comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. Details of the Directors are set forth on pages 20 to 23 of this annual report.

The four executive Directors are Mr. LEE Shing Put, B.B.S., Mr. LEE Yau Ching, Mr. LI Man Yin, and Mr. CHU Charn Fai. Mr. LEE Shing Put, B.B.S. is the son of Dr. LEE Yin Yee, S.B.S., a cousin of Mr. LEE Yau Ching and a nephew of Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LEE Yau Ching is a nephew of Dr. LEE Yin Yee, S.B.S. and a cousin of Mr. LEE Shing Put, B.B.S..

The two non-executive Directors are Dr. LEE Yin Yee, S.B.S. and Tan Sri Datuk TUNG Ching Sai *J.P.*. Dr. LEE Yin Yee, S.B.S. is the father of Mr. LEE Shing Put, B.B.S., the brother-in-law of Tan Sri Datuk TUNG Ching Sai *J.P.*, and an uncle of Mr. LEE Yau Ching. Tan Sri Datuk TUNG Ching Sai *J.P.* is the brother-in-law of Dr. LEE Yin Yee, S.B.S. and uncle of Mr. LEE Shing Put, B.B.S..

The three independent non-executive Directors are Mr. LO Wan Sing, Vincent, Mr. KAN E-ting, Martin and Ms. LEONG Chong Peng.

The Company has complied with rules 3.10 and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, one independent non-executive director of which has the appropriate professional qualifications or accounting or related financial management expertise and the independent non-executive directors represent at least one-third of the Board.

The articles of association (the "**Articles**") of the Company provide that at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall subject to retirement by rotation at least once every three years. Where there is any casual vacancy in the Board, candidates will be proposed and put forward to the Board for consideration and approval, with a view to appointing to the Board individuals with the appropriate capabilities to fill the casual vacancy.

Pursuant to code provision C.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Dr. LEE Yin Yee, S.B.S. is the Chairman of the Group and Mr. LEE Shing Put, B.B.S. is the Vice Chairman and the Chief Executive Officer of the Group. The Chairman is responsible for managing and providing leadership to the Board and ensuring that the Group has maintained strong and effective corporate governance practices and procedures. Mr. LEE Shing Put, B.B.S. has performed both of the roles as the Vice Chairman and the Chief Executive Officer of the Group. However, the Board considers that since Mr. LEE Shing Put, B.B.S. 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 Shing Put, B.B.S. 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 Shing Put, B.B.S. 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.

Each of the non-executive Directors and the independent non-executive Directors has entered into a service contract or letter of appointment with the Company for a specific term of not more than three years. All of the independent non-executive Directors have satisfied the independence criteria and have made their confirmations on independence pursuant to rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors have fulfilled the independence guidelines set forth under rule 3.13 of the Listing Rules.

Corporate Governance Report

Attendance records of the Directors at board meetings and general meeting in 2024 are as follows:

	Number of meetings attended/held	
	General meetings	Board meetings
Executive Directors		
LEE Shing Put	1/1	4/4
LEE Yau Ching	1/1	4/4
LI Man Yin	1/1	4/4
CHU Charn Fai	1/1	4/4
Non-executive Directors		
LEE Yin Yee	1/1	4/4
TUNG Ching Sai	1/1	4/4
Independent non-executive Directors		
LO Wan Sing, Vincent	1/1	4/4
KAN E-ting, Martin	1/1	4/4
LEONG Chong Peng	1/1	4/4

In additions to board meetings, the Chairman also holds meetings from time to time with executive Directors and at least one meeting with independent non-executive Directors annually without the presence of executive Directors.

The Board is responsible for the formulation of the overall strategies and objectives of the Group, monitoring and evaluating the operating and financial performance, the review of the corporate governance measures and supervision of the overall management of the Group. The senior management of the Group is responsible for the implementation of the business strategies and the day-to-day operations of the Group under the leadership of the Chief Executive Officer. The Directors have full access to all the information of the Group in relation to the business operation and financial performance of the Group. Senior management of the Group also provides the Directors from time to time with information on the business operation of the Group.

BOARD DIVERSITY

The Board considers that its diversity is a vital asset to the business and has adopted a board diversity policy for better transparency and governance. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company adopted the board diversity policy (the "**Diversity Policy**") as required by the CG Code. The Nomination Committee will discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption, as set forth in the Diversity Policy of the Company.

The members of the Board, who come from a variety of different backgrounds, have a diverse range of business, and professional expertise. The table below sets forth an analysis of the Board's current composition based on the measurable objectives:

Measurable objective	Category	Number of Director
Gender	Male	8
	Female	1
Age	41-50	3
	51-60	3
	Over 60	3
Director's skills and experience	Solar glass industry experience	6
	Solar farm industry experience	4
	International exposure	2
	Financial expertise	2
	Legal expertise	1
	Digital and technology	2
	Compliance and corporate governance experience	9
	Current executive leadership or directorship in other listed companies	5

Based on the foregoing, the composition and diversity of the Board enable the management to benefit from a diverse and objective external perspective, on issues raised before the Board.

Brief biographical particulars of the Directors, together with information relating to the relationship among them, are set forth on pages 20 to 23 in this annual report.

The Board currently has one female Director and as such has achieved gender diversity in respect of the Board. The Company targets to maintain at least the current level of female representation on the Board and strive to ensure the Board is made up of a reasonable and appropriate proportion of female member by reference to stakeholders' expectations and international and local recommended best practices and the pool of qualified candidates.

Corporate Governance Report

As of 31 December 2024, among the 9,645 employees (including senior management) of the Group, the percentages of male employees and female employees are 78.5% and 21.5%, respectively. Considering that the Group is engaged in industrial manufacturing, engineering and construction, the Board believes that appropriate balance of gender diversity of workforce is maintained taking into account the business models and operational needs.

The Nomination Committee was of the opinion that the Board consisted of members with diversified gender, age, cultural and education background, professional/business experience, skills and knowledge. Further details for the diversity, including the gender diversity, in the workforce during the year ended 31 December 2024 are set forth in the Environmental, Social and Governance Report dated 30 April 2025 of the Company.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and review the same as appropriate. The Board Diversity Policy is available on the website of the Company for public information.

MECHANISM REGARDING INDEPENDENT VIEWS TO THE BOARD

The Board has implemented different ways to ensure independent views and input are available to the Board (the "**Mechanism**"). The Board will conduct annual review on the implementation and effectiveness of the Mechanism and the results will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2024, the Board reviewed the implementation and effectiveness of the Mechanism and the results were satisfactory.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Group 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 the code of conduct regarding securities transactions by the Directors. Directors are reminded of their obligations under the Model Code on a regular basis. 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 throughout the year ended 31 December 2024.

REMUNERATION COMMITTEE

The Remuneration Committee of the Board comprises five members, namely Dr. LEE Yin Yee, S.B.S., Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LO Wan Sing, Vincent, Mr. KAN E-ting, Martin and Ms. LEONG Chong Peng. Three of Remuneration Committee members are independent non-executive Directors, and one of whom, Mr. LO Wan Sing, Vincent, is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include reviewing the terms of the remuneration packages of and determining the award of bonuses to Directors and senior management and reviewing and approving matters related to share option schemes. The Remuneration Committee was established on 19 November 2013 and its terms of reference, which has been amended on 29 December 2016, are posted on the websites of the Company and the Stock Exchange.

During the year, one meeting of the Remuneration Committee was held to review, consider and make recommendations to the Board where appropriate in relation to:

– annual review of the directors' fee;

– annual review of the remuneration packages of the executive Directors and senior management;

– remuneration matters related to the change of Chief Executive Officer;

– the granting of share options to an executive director and eligible employees; and

– review of the remuneration packages of the Directors who were appointed and/or re-designated during the year.

The attendance record of each committee member is set forth below:

	Number of meetings attended/held
LO Wan Sing, Vincent (Chairman)	1/1
LEE Yin Yee	1/1
TUNG Ching Sai	1/1
KAN E-ting, Martin	1/1
LEONG Chong Peng	1/1

The remuneration of the members of the senior management (other than the Directors of the Company) by band for the year ended 31 December 2024 is set forth below:

In the band of:	Number of individuals
HK$1,000,001 to HK$1,500,000	1
HK$3,000,001 to HK$3,500,000	1

Details of the Directors' remuneration is set out in Note 9 to the consolidated financial statements in this annual report.

AUDIT COMMITTEE

The Audit Committee of the Board comprises three independent non-executive Directors, namely Ms. LEONG Chong Peng, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin. Ms. LEONG Chong Peng is the chairperson of the Audit Committee.

The Audit Committee assists the Board to review the financial reporting process, evaluate the effectiveness of internal control and risk management systems and oversee the auditing processes of the Group. The Audit Committee was established on 19 November 2013 and its terms of reference, which has been amended on 29 December 2016, are posted on the websites of the Company and the Stock Exchange.

During the year, five meetings were held by the Audit Committee to review, consider and make recommendations to the Board where appropriate in relation to the following matters:

– the external auditor's independence, performance and provision of non-audit services;

– audit plans and findings of external auditor and the related management responses as well as changes in accounting standards and its impact on the Group;

– annual and interim financial statements and the related results announcement;

– the continuing connected transactions;

– financial reporting and compliance procedures, internal control and risk management systems; and

– change of presentation currency of financial statements.

The attendance record of each committee member is set forth below.

	Number of meetings attended/held
LEONG Chong Peng (Chairperson)	5/5
LO Wan Sing, Vincent	5/5
KAN E-ting, Martin	5/5

NOMINATION COMMITTEE

The Nomination Committee of the Board consists of five members, namely Dr. LEE Yin Yee, S.B.S., Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LO Wan Sing, Vincent, Mr. KAN E-ting, Martin and Ms. LEONG Chong Peng. Three of Nomination Committee members are independent non-executive Directors. The chairman of the Nomination Committee is Dr. LEE Yin Yee, S.B.S..

The primary duties of the Nomination Committee are to review the structure, size and diversity of the Board on a regular basis, assess the independence of independent non-executive Directors of the Company, and make recommendations to the Board regarding the appointment, retirement and re-election of Directors. The Nomination Committee was established on 19 November 2013 and its terms of reference are posted on the websites of the Company and the Stock Exchange.

During the year, one meeting was held by the Nomination Committee to review, consider and make recommendations to the Board where appropriate in relation to the following matters:

– the structure, size, composition and diversity of the Board;

– the independence of the independent non-executive Directors;

– the change of Chief Executive Officer; and

– the re-election of the retiring Directors for shareholders' approval at the AGM.

The attendance record of each committee member is set forth below:

	Number of meetings attended/held
LEE Yin Yee (Chairman)	1/1
TUNG Ching Sai	1/1
LO Wan Sing, Vincent	1/1
KAN E-ting, Martin	1/1
LEONG Chong Peng	1/1

NOMINATION POLICY

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation to the following in assessing the suitability of the proposed candidate:

– Reputation for integrity;

– Achieve board diversity, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

– Merit and contribution that candidate will bring to the Board;

– Compliance with the criteria of independence as prescribed under the Listing Rules for the appointment of an independent non-executive director if the proposed candidate will be nominated as an independent non-executive director; and

– Able to devote sufficient time and attention to the Company's business.

The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election to the Board and the appointment or re-appointment of Directors and succession planning for Directors is subject to the approval of the Board.

Procedures for shareholders' nomination of any proposed candidate for election as a director are stated in "Mechanisms available for shareholders to propose a person for election as a director of the Company" and disclosed in the Company's website.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibilities in (i) overseeing the preparation of the financial statements of the Group with a view to ensure that such financial statements give a true and fair view of the state of affairs of the Group, and (ii) selecting suitable accounting policies, applying the selected accounting policies consistently, and making prudent and reasonable judgments and estimates for the preparation of the financial statements of the Group. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the auditors of the Company regarding their reporting responsibilities on the financial statements of the Group is set forth in the Independent Auditor's Report on pages 74 to 81 of this annual report.

AUDITORS' REMUNERATION

For the year ended 31 December 2024, the professional fees paid/payable to the external auditors of the Company in respect of audit and non-audit services provided by the auditors to the Group were as follows:

Auditors' remuneration	RMB'000
Audit services	
– Annual audit fee	3,280
– Proposed issuance of RMB Shares	250
Non-audit services	
– Issuance of consent letter in relation to the proposed issuance of Panda Bonds	140
– Tax service fees	57

RISK MANAGEMENT AND INTERNAL CONTROL

The Board and the management of the Group maintain a sound and effective system of risk management and internal control so as to ensure the effectiveness and efficiency of the operations of the Group in achieving the established corporate objectives, safeguarding assets of the Group, rendering reliable financial reporting and complying with the applicable laws and regulations. The systems are designed to provide reasonable but not absolute assurance against material misstatement or loss, and to manage rather than eliminate risk of failure to meet the business objectives of the Group.

The key elements of the Group's risk management and internal control structure are as follows:

– Well-defined organisational structure with appropriate segregation of duties, limit of authority, reporting lines and responsibilities to minimise risk of errors and abuse;

– Clear and written policies and procedures have been established and regularly reviewed for major functions and operations;

– Important business functions or activities are managed by experienced, qualified and suitably trained staff;

– Continuous monitoring of the key operating data and performance indicators, timely and up-to-date business and financial reporting, immediate corrective actions are taken where necessary; and

– Internal audit function to perform independent appraisal of major operations on an ongoing basis.

Through the Audit Committee and the internal audit team, the Board has conducted an annual review on the effectiveness of risk management and internal control systems of the Group for the year ended 31 December 2024.

A risk-based approach is adopted to ensure that a methodical coverage of the Group's operations and resources are focused on high-risk areas. The internal audit team takes the lead to evaluate the risk management and internal control systems of the Group by reviewing the major operations of the Group every year. The review covers all material controls including financial, operational and compliance controls. Review results and recommendations in the form of written reports are submitted to the Audit Committee for discussion and review. Follow-up actions will be taken up by the internal audit team to ensure that findings previously identified have been properly addressed.

Corporate Governance Report

Based on the results of the internal control review for the year ended 31 December 2024 and the assessment of the Audit Committee thereon, no significant deficiency in risk management and internal controls systems are noted. The Board therefore is satisfied that appropriate and effective risk management and internal control systems have been maintained for the year ended 31 December 2024.

INSIDE INFORMATION POLICY

The Company has established an inside information policy which contains the guidelines to the directors, officers and all relevant employees (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to public in equal and timely manner in accordance with the applicable laws and regulation.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company provides to all the Directors a comprehensive induction package which includes introduction on the business operations, internal procedures and general policy of the Company and a summary of statutory and regulatory obligations of directors under the Listing Rules and other relevant laws and regulations. During the year, the Directors are provided with regular updates on the Group's business, operations, risk management and corporate governance matters to enable the Board as a whole and each Director to discharge their duties. The Directors are also encouraged to attend both in-house training and training provided by independent service providers. Directors are continually updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for directors will be arranged where necessary.

For the year ended 31 December 2024, all Directors participated in continuous professional development, which included studying regulatory updates, reviewing training materials, and attending training sessions and webinars. This ongoing training aimed to enhance their knowledge and skills related to directors' duties, the latest amendments to the Listing Rules, and best practices in corporate governance.

COMPANY SECRETARY

The Company Secretary is Mr. CHU Charn Fai, a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. CHU is also the financial controller and Executive Director of the Company. He assists the Board by ensuring good information flow within the Board and that the policy and procedures of the Board are followed. For the year ended 31 December 2024, Mr. CHU has duly complied with the relevant professional training requirement under rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHT

(i) Procedures for Shareholders to convene a general meeting

Pursuant to article 58 of the articles of association (the "**Articles**") of the Company, any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per Share basis, shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such general meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such general meeting, the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

(ii) Procedures for Shareholders to putting forward proposals

Pursuant to article 58A of the Articles, after the notice of the general meeting is given, any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per Share basis, shall have the right to propose additional resolutions in writing to the Company at least 10 days before the convening of the general meeting, at the expense of the requisitionist(s), provided that the scheduled convening of the general meeting of the Company shall not affected thereby. The content of the proposed resolutions must fall within the scope of duties and powers of the general meeting of Members, with specific resolutions, and comply with the laws and regulations. The Board shall list the proposed resolutions that are within the scope of duties and powers of the general meeting in the agenda of the meeting and submit the matters to the general meeting for the Members' consideration.

(iii) Procedures for which enquiries may be put to the Board

Shareholders may at any time send their enquiries and concerns with sufficient contact details to the Board at the principal place of business of the Company in Hong Kong for the attention of the company secretary or via e-mail to "ir@xinyisolar.com.hk".

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company endeavours to develop and maintain continuing relationships and effective communications with its shareholders and investors. In an effort to facilitate and enhance the relationships and communication, the Company has established a shareholders communication policy. The Board reviewed the implementation and effectiveness of the shareholders communication policy and the results were satisfactory. The Company has established the following channels:

(i) the annual general meeting provides a forum for the Shareholders to raise comments and exchange views with the Board. The Directors are available at the annual general meeting of the Company to address Shareholders' queries;

(ii) the Company maintains a website at www.xinyisolar.com, where updated key information/news of the Group is available for public access;

(iii) interim and annual results are announced as early as possible, to keep the Shareholders informed of the Group's performance and operations;

(iv) investor, analyst and media briefing are held as early as practicable after the publication of the interim and annual results;

(v) the Company's management may meet with shareholders, potential investors and research analysts upon request and provide update of the latest business development of the Group and answer their queries in accordance with the Group's Inside Information Policy; and

(vi) Shareholders shall direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited.

CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company are available on the websites of the Company and the Hong Kong Stock Exchange. There was no change in the Company's constitutional documents during the year ended 31 December 2024.

Report of the Directors

The Directors are pleased to present their report and the audited financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries mainly include: (i) production and sale of solar glass products and (ii) development and operation of solar farms. Particulars of the subsidiaries are set forth in Note 14 to the consolidated financial statements in this annual report.

BUSINESS REVIEW AND OUTLOOK

A business review of the Group and further discussion and analysis of these activities of the Group for the year ended 31 December 2024 and the future development are set forth in the Chairman's Statement from pages 4 to 10 and Management Discussion and Analysis from pages 11 to 19 of this annual report. These discussions form part of the Report of the Directors.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set forth in the consolidated income statement on page 82 in this annual report. During the year, an interim dividend of 10.0 HK cents per share, amounting to a total of approximately HK$891.2 million (equivalent to RMB827.6 million), was paid to the Shareholders in cash or by way of scrip shares in lieu of cash on 16 October 2024.

FINAL DIVIDEND

The Directors did not recommend the payment of final dividend for the year ended 31 December 2024.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's solar glass production may generate air pollutants, waste water and other industrial waste at different stages of the production process. To ensure compliance with the applicable environmental protection laws and regulations, the Group has implemented the following environmental protection measures:

– *Energy* - Natural gas has been used as the principal energy source for the Group's glass melting furnaces.

– *Power generation from residual heat* - The Group's solar glass production plants have used the residual heat generated during the production processes to generate electricity.

– *Glass recycling* - Scraped and unused glass produced during the production process have been recycled to the glass melting furnaces for production of solar glass products.

Report of the Directors

Over the past few years, the Group has continuously invested in different types of solar farm projects, which can help to improve air quality and the environment by reducing the consumption of fossil fuels and emission of carbon dioxide.

During the year, the Group has utilised the solar power generation system installed on the rooftops of its production complexes to generate renewable energy for its own use. Moreover, the Group has also implemented different measures to further reduce greenhouse gases emissions per unit of solar glass output, improve the water recycling utilisation rate and promote more environmentally friendly product packaging.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

An Environmental, Social and Governance ("**ESG**") report for the year ended 31 December 2024 of the Group will be published on the websites of the Company and Stock Exchange at the same time as the publication of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year under review and to the best knowledge of the Company's directors, the Group had obtained and completed all material licenses, certifications, permits and registration necessary for its business operations, and that the Group had complied in all material aspects with all laws, rules and regulations that have a significant impact on the Group's business and operations.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

The Group values relationships with, and have been maintaining good relationships with its customers, raw material and equipment suppliers, logistics service providers and the employees of the Group. During the year ended 31 December 2024, there were no material dispute between the Group and its customers, suppliers and employees.

Customers are the Company's greatest assets. Xinyi Solar is committed to the production of quality solar glass, with great emphasis on product quality and reputation. Over the years, the Company has already established a professional and reliable corporate image among the customers. Xinyi Solar has been maintaining the harmonious partnership of equal footing, honest cooperation and mutual benefits with suppliers. Supplier management has been standardised. Supplier assessment system has been improved through tendering and procurement. This is to create a fair and equitable competition environment for suppliers. Xinyi Solar adheres to the philosophy of "People-Oriented" and is committed to providing the employees with a safe and healthy work environment. The staff members are encouraged to show their creativity and potential, realising the co-development of the staff and the enterprise.

DONATIONS

Donations by the Group for charitable purposes during the year ended 31 December 2024 amounted to RMB6,262,000 (2023: RMB16,643,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The business performance of the Group is subject to the following principal risks and uncertainties:

Solar glass business

- The levels of demand and supply of solar glass are not entirely within the Group's control and are generally affected by the solar energy industry, the overall macroeconomic factors in the principal solar energy markets, and the production capacity of other solar glass manufacturers.
- The Group may not be able to adjust its production output promptly in response to the changing market environment and as a result, any imbalance between the demand and supply of solar glass could create significant pressure on the selling prices.
- As a solar glass manufacturer, the Group follows the technology development which may cause demand for its solar glass products to be reduced significantly.
- The Group also relies on the continuous supply of energy and raw materials for its production requirement.

Solar farm business

- Climate change, unpredictable weather patterns, grid consumption constraints and market-based electricity trading can lead to erratic generation revenues and returns.
- Trade and tariff adjustment receivables arising from sales of electricity were all due from state-owned enterprises. The delay in the collection of tariff adjustment receivables may affect the cash flow and liquidity of the Group.

All of the above factors may adversely and materially affect the Group's operating results and profitability.

Details of the Group's exposure to foreign exchange risk and other financial risks are set forth in the paragraphs under "Treasury Policies and Exposure to Fluctuation in Foreign Exchange Rates" in the Management Discussion and Analysis on pages 18 to 19 and the paragraphs under "Financial Risk Management" in note 3 to the consolidated financial statements from pages 93 to 112 of this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set forth in the section headed "Financial Summary" in this annual report.

Report of the Directors

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the Group's property, plant and equipment during the year ended 31 December 2024 are set forth in note 17 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2024 are set forth in note 26 to the consolidated financial statements in this annual report.

DISTRIBUTABLE RESERVES

Under the Companies Act of the Cayman Islands, as of 31 December 2024, share premium amounting to approximately RMB5,595.3 million (2023: RMB6,294.1 million) and retained earnings of RMB1,823.4 million (2023: RMB381.4 million) was distributable to the Shareholders, subject to the condition that immediately following the date on which the distribution or dividend is proposed to be made, the Company is able to pay its debts as they fall due in the ordinary course of business.

Save for disclosed above, the Company had no distributable reserve available for distribution to the Shareholders at 31 December 2024 and 2023.

DIVIDEND POLICY

In considering the payment of dividends, the Board shall maintain adequate cash reserves for meeting the Group's working capital requirements and strike a proper balance between future business growth and rewarding the shareholders of the Company.

Provided that the daily working capital needs of the Group can be satisfied and funding has been reserved for future development, the Company intends to maintain a relatively stable dividend distribution ratio. However, the Company's dividend distribution record in the past does not necessarily imply that the same level of dividends may be declared or paid by the Company in the future.

In proposing any dividend payout, the Board shall take into account the financial performance and cash flow situation of the Group, future expansion plans and capital requirements, interests of Shareholders, contractual restrictions on payment of dividends, taxation considerations, statutory and regulatory restrictions, general economic conditions, business cycle of the Group's business and any other factors that the Board may consider relevant.

The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company's memorandum and articles of association.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were:

EXECUTIVE DIRECTORS

Mr. LEE Shing Put, B.B.S. *(Vice Chairman and Chief Executive Officer)*
Mr. LEE Yau Ching
Mr. LI Man Yin
Mr. CHU Charn Fai

NON-EXECUTIVE DIRECTORS

Dr. LEE Yin Yee, S.B.S. *(Chairman)*
Tan Sri Datuk TUNG Ching Sai *J.P.* *(Vice Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LO Wan Sing, Vincent
Mr. KAN E-ting, Martin
Ms. LEONG Chong Peng

In accordance with article 84 of the Company's articles of association (the "**Articles**"), Mr. LEE Yau Ching, Mr. CHU Charn Fai and Ms. LEONG Chong Peng will retire by rotation and being eligible, will offer themselves for re-election at the AGM.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from the independent non-executive Directors the confirmations of their independence pursuant to rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming AGM has entered or has proposed to enter into any service agreements with the Company or any other member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REMUNERATION

The emoluments of the Directors are recommended by the remuneration committee and are decided by the Board, taking into account the Group's operating results, individual performance as well as market trends and practices.

The remuneration of the Directors for the year ended 31 December 2024 were as follows:

(i) For non-executive Directors and independent non-executive Directors, remuneration consisted of fixed fees with no discretionary elements or equity-based awards.

(ii) Executive Directors ware entitled to a combination of fixed and performance-related remuneration. The performance-related component was a discretionary management bonus determined by the Board, based on the Group's net profits. The total management bonus for all executive Directors did not exceed 5% of the Group's net profits.

(iii) No share options were granted to Directors who were family members of or connected to the controlling shareholders.

Further details of the remuneration of the Directors are set out in note 9 to the consolidated financial statements in this annual report.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for the connected transactions and continuing connected transactions disclosed on pages 64 to 71 of this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

SHARE OPTION SCHEMES

(a) 2014 Share Option Scheme of the Company

In June 2014, the Company adopted a share option scheme (the "**2014 Share Option Scheme**"). The table below sets forth movements in the share options of the Company for the year ended 31 December 2024. The 2014 Share Option Scheme was expired on 5 June 2024. The following table sets forth movements in the share options of the Company for the year ended 31 December 2024:

Grantee	Grant date	Exercise price (HK$)	Closing price of the Company's shares immediately before the grant date (HK$)	Vesting period	Exercise period	Number of share options At 1/1/2024	Granted	Exercised	Lapsed	Cancelled	At 31/12/2024
Executive director - Mr. CHU Charn Fai	31/3/2020	4.39	4.36	31/3/2020-31/12/2022	1/4/2023-31/3/2024	75,000	—	(75,000)[(1)]	—	—	—
	31/3/2021	12.99	13.40	31/3/2021-31/12/2023	1/4/2024-31/3/2025	300,000	—	—	—	—	300,000
	31/3/2022	13.82	14.14	31/3/2022-31/12/2024	1/4/2025-31/3/2026	378,000	—	—	—	—	378,000
	31/3/2023	9.41	9.36	31/3/2023-31/12/2025	1/4/2026-31/3/2027	375,000	—	—	—	—	375,000
	28/3/2024	6.15	5.99	28/3/2024-31/12/2026	1/4/2027-31/3/2028	—	375,000	—	—	—	375,000
Continuous contract employees	31/3/2020	4.39	4.36	31/3/2020-31/12/2022	1/4/2023-31/3/2024	6,593,000	—	(6,566,000)[(2)]	(9,000)	(18,000)	—
	31/3/2021	12.99	13.40	31/3/2021-31/12/2023	1/4/2024-31/3/2025	9,056,000	—	—	—	(277,000)	8,779,000
	31/3/2022	13.82	14.14	31/3/2022-31/12/2024	1/4/2025-31/3/2026	16,799,000	—	—	—	(3,577,500)	13,221,500
	31/3/2023	9.41	9.36	31/3/2023-31/12/2025	1/4/2026-31/3/2027	15,501,100	—	—	—	(1,006,200)	14,494,900
	28/3/2024	6.15	5.99	28/3/2024-31/12/2026	1/4/2027-31/3/2028	—	18,325,000	—	—	(924,100)	17,400,900
Total						49,077,100	18,700,000	(6,641,000)	(9,000)	(5,802,800)	55,324,300

(1) The weighted average closing price of shares immediately before the dates on which the options were exercised was HK$6.25.

(2) The weighted average closing price of shares immediately before the dates on which the options were exercised was HK$5.60.

For the year ended 31 December 2024, 18,700,000 share options were granted. The fair value of the equity-settled share options granted under the 2014 Share Option Scheme during the year ended 31 December 2024 was estimated at approximately HK$39,622,000. The fair value of the share options granted to the Director and eligible employees of the Group were approximately HK$795,000 and HK$38,827,000, respectively. The value of the share options granted during the year ended 31 December 2024 is to be expensed through the Group's income statement over the three-year vesting period of the share options.

The fair value of share options granted by the Company during the year ended 31 December 2024 was determined in accordance with the valuation performed by an independent valuer using the Black-Scholes option pricing model. Such model is one of the commonly used models to estimate the fair value of an option. The significant variables and assumptions used in computing the fair value of the share options are set forth in the table below. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Share price at the grant date (HK$)	6.06
Exercise price (HK$)	6.15
Volatility (%)	56.73
Dividend yield (%)	3.71
Expected share option life (years)	3.51
Annual risk-free rate (%)	3.40

During the year ended 31 December 2024, a total of 18,700,000 share options granted to a Director and employees of the Group (collectively, the "**Grantees**"), among of which 6,233,333 share options, representing one third of the total share options granted, vested on 31 December 2024. Having considered that (i) such share options vested where the performance target are satisfied during the performance period commenced from 1 January 2024 and ended on 31 December 2024, which is not less than 12 months, and (ii) the total vesting and holding period of the share options is more than 12 months, the Remuneration Committee and the Board considered that the grant of such share options with a shorter vesting period could align the interests of the Grantees with that of the Company and the Shareholders, reward and provide incentive to the Grantees to work towards success of the Group, and reinforce their commitment to long-term services of the Group, which is in line with the purpose of the 2014 Share Option Scheme.

The vesting of the share options granted to the Grantees is subject to satisfaction of certain performance targets as determined by the Board at its absolute discretion. The Board will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as revenue, profit and sales target of the Group as a whole and of the applicable business. Also, the Group has established a standard performance appraisal system for its employees to evaluate their performance and contribution to the Group.

There is no clawback mechanism attached to the share options granted to the Grantees. The purpose of the 2014 Share Option Scheme is to recognise and acknowledge the contributions the Grantees had or may have made to the Group. The 2014 Share Option Scheme also provides the Grantees with an opportunity to have a personal stake in the Company with the view to satisfy the objectives of (i) motivate the grantees to optimise their performance efficiency for the benefit of the Group and (ii) attract and retain or otherwise maintain on-going business relationship with the Grantees whose contributions are or will be beneficial to the long-term growth of the Group. Having considered that (i) the Grantees are the Director and the employees of the Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group; (ii) the grant of share options to the Grantees is a recognition for their past contributions to the Group; and (iii) the share options are subject to the terms of the 2014 Share Option Scheme which provides for circumstances under which the share options or any part thereof shall lapse in the event that the Grantees cease to be a Director and an employee of the Group or commit a breach of the rules of the 2014 Share Option Scheme, the Remuneration Committee and the Board consider that without additional clawback mechanism, the grant of the share options could align the interests of the Grantees with that of the Company and the Shareholders, reward and provide incentive to the Grantees to work towards successes of the Group, and reinforce their commitment to long-term services of the Group, which is in line with the purpose of the 2014 Share Option Scheme.

Saved as disclosed above, the Company did not make any grant of share options to the Directors and/or senior managers as set forth in rules 17.03F, 17.06B(7) and 17.06B(8) of the Listing Rules during the year ended 31 December 2024.

A summary of the principal terms of the 2014 Share Option Scheme is as follows:

(i) Purpose

The 2014 Share Option Scheme is established to recognise and acknowledge the contributions the eligible participants (the "**Participants**") had or may have made to the Group and to provide the Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain on-going business relationship with the Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(ii) Participants

The Participants include: (i) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity (the "**Invested Entity**") in which the Group holds any equity interest, including any executive director of the Company, any of such subsidiaries or any Invested Entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, any subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any consultants, advisers, managers, officers who provide research, development, other technological support or services to the Group or any Invested Entity; and (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and, for the purposes of the 2014 Share Option Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of persons.

Report of the Directors

(iii) Maximum number of shares available for issue

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2014 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 570,000,000 Shares, representing 10% of the Shares in issue as of the date of approval of the 2014 Share Option Scheme.

Notwithstanding the above, the number of Shares which may be issued upon exercise of all options granted and yet to be exercised under the 2014 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time. No share options may be granted under the 2014 Share Option Scheme if this will result in the limit being exceeded.

(iv) Maximum entitlement of each eligible participant

Unless with the approval of the Shareholders in general meeting, the maximum number of Shares issued and which may fall to be issued upon exercise of the share options granted under the 2014 Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

(v) Option period

The period during which the share option may be exercised will be determined by the Board in its absolute discretion, save that no share option may be exercised more than 10 years after it has been granted. Save as determined by the Board and provided in the offer of the grant of the relevant share options, there is no minimum period for which a share option must be held before it can be exercised.

(vi) Vesting period

There is no minimum period for which the share option granted under the 2014 Share Option Scheme must be held before they can be exercised.

(vil) Acceptance and payment on acceptance

An offer for the grant of share options must be accepted within thirty days inclusive of the day on which such offer was made. A nominal consideration of HK$1.00 is required to be paid by the grantee of the share option to the Company upon acceptance of the offer.

(viii) Option price for subscription of shares

The subscription price of a Share in respect of any particular share option granted under the 2014 Share Option Scheme shall be such price as determined by the Board in its absolute discretion, but in any event shall not be less than the higher of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the Share.

(ix) Remaining life of the 2014 Share Option Scheme

The 2014 Share Option Scheme was expired on 5 June 2024, after which no further options shall be granted but the provisions of the 2014 Share Option Scheme shall remain in full force and effect in all other aspects.

The number of share options available for grant under the 2014 Share Option Scheme was 478,450,798 share options as of 1 January 2024. The 2014 Share option Scheme was expired on 5 June 2024, therefore no share option was available for grant as of 31 December 2024.

The number of Shares that may be issued in respect of the options granted under the 2014 Share Option Scheme during the year ended 31 December 2024 divided by the weighted average number of the Shares in issue for the year ended 31 December 2024 is 0.21%.

(b) 2024 Share Option Scheme of the Company

The Company has adopted a new share option scheme (the "**2024 Share Option Scheme**") on 31 May 2024. During the year ended 31 December 2024, no share option has been granted, exercised, lapsed and cancelled under the 2024 Share Option Scheme.

A summary of the principal terms of the 2024 Share Option Scheme is as follows:

(i) Purpose

The 2024 Share Option Scheme is established to recognise and acknowledge the contributions the Eligible Participants (as defined below) had or may have made to the Group and to provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(ii) Participants

The participants (the "**Eligible Participants**") of the 2024 Share Option Scheme include:

(a) the director(s) and employee(s) of the Company and/or of any of its subsidiaries (including persons who are granted options under the 2024 Share Option Scheme as an inducement to enter into employment contracts with these companies) (the "**Employee Participants**");

(b) the director(s) and employee(s) of any of the holding companies, fellow subsidiaries or associated companies of the Company or its subsidiaries (the "**Related Entity Participants**"); and

(c) any person or entity which are independent third parties and provide services to the Group on an arm's length basis and continuing or recurring basis in the ordinary and usual course of business of the Group where the continuity and frequency of their services are akin to those employees of the Group and exclude (a) placing agents or financial advisers providing advisory services for fund-raising and merger and acquisition transaction and (b) professional service providers who are required to provide their services in accordance with professional standards with impartiality and objectivity (the "**Service Provider Participants**"). The Service Provider Participants may be categorised into (a) long-term service providers of the Group, which provide installation and logistics services to the Group and (b) professional consultants engaged by the Group on a regular basis for the support of the Group's continuous developments of production knowhow and technology.

(iii) Maximum number of shares available for issue

The total number of Shares which may be issued in respect of all options and awards to be granted under the 2024 Share Option Scheme and other share schemes of the Group must not in aggregate exceed 890,989,183 Shares, representing 10% of the total number of Shares issue as of the date of adoption of the 2024 Share Option Scheme (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the 2024 Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

Within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all options and awards to be granted to the Service Provider Participants under the 2024 Share Option Scheme and other share schemes of the Group must not in aggregate exceed 44,549,459 Shares, representing 0.5% of the total number of Shares in issue as of the date of adoption of the 2024 Share Option Scheme (the "**Service Provider Sublimit**"). Options lapsed in accordance with the terms of the 2024 Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

The total number of Shares available for issue under the 2024 Share Option Scheme was 890,989,183, representing 9.81% of the issued Shares (excluding treasury shares) as of the date of this annual report.

(iv) Maximum entitlements to each Eligible Participants

Where any grant of options to an Eligible Participant would result in the Shares issued and to be issued in respect of all options granted to such person (excluding any options lapsed in accordance with the terms of the 2024 Share Option Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates (or associates if the Eligible Participant is a connected person) abstaining from voting.

(v) Option period

In respect of any particular option, the option period's to be determined and notified by the Board to the grantee at the time of making an offer which shall not expire later than 10 years from the date of grant.

(vi) Vesting period

The vesting period in respect of any share option shall not be less than 12 months (or such other period as the Listing Rules may prescribe or permit from time to time). Share options granted to Employee Participants may be subject to a shorter vesting period as determined by (i) the Remuneration Committee if such Employee Participant is a Director or a senior manager (as defined under rule 17.01A of the Listing Rules) of the Company, or (ii) the Board if such Employee Participant is not a Director or a senior manager (as defined under rule 17.01A of the Listing Rules) of the Company.

(vii) Acceptance and payment on acceptance

An offer is deemed to be accepted when the Company receives from the grantee the offer letter signed by the grantee within 30 days from the date of grant specifying the number of Shares in respect of which the offer is accepted and a remittance to the Company of HK$1.0 as consideration for the grant of share option.

(viii) Exercise price of share options granted

The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant, which must be a Business Day; and (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the date of grant.

(ix) Remaining life of the 2024 *Share Option Scheme*

The 2024 Share Option Scheme will remain in force for a period of ten years commenced on 31 May 2024.

As of 31 December 2024, the number of share options available for grant under the 2024 Share Option Scheme was 890,989,183 and the number of share options available for grant under the Service Provider Sublimit of the 2024 Share Option Scheme was 44,549,459.

Further details of the 2014 Share Option Scheme and the 2024 Share Option Scheme are set forth in note 27 to the consolidated financial statements in this annual report.

(c) Share Option Scheme of a Subsidiary

Xinyi Energy Holdings Limited ("**Xinyi Energy**"), a non-wholly owned subsidiary of the Company, adopted a share option scheme (the "**XYE Share Option Scheme**") on 22 November 2018. The following table sets forth movements in the share options of Xinyi Energy ("**XYE Share Options**") for the year ended 31 December 2024:

Grantee	Grant date	Exercise price (HK$)	Closing price of the Xinyi Energy's shares immediately before the grant date (HK$)	Vesting period	Exercise period	Number of XYE Share Options At 1/1/2024	Granted	Exercised	Lapsed	Cancelled	At 31/12/2024
Continuous contract employees	31/3/2020	2.18	2.08	31/3/2020-31/12/2022	1/4/2023-31/3/2024	1,696,790[1]	—	—	(1,696,790)	—	—
	31/3/2021	3.78	3.81	31/3/2021-31/12/2023	1/4/2024-31/3/2025	2,298,749[1]	—	—	—	(368,281)	1,930,468
	31/3/2022	4.76	4.86	31/3/2022-31/12/2024	1/4/2025-31/3/2026	2,672,534[1]	—	—	—	(425,326)	2,247,208
	1/6/2023	2.26	2.26	1/6/2023-31/12/2025	1/4/2026-31/3/2027	3,955,000[1]	—	—	—	(437,000)	3,518,000
	28/3/2024	1.12	1.09	28/3/2024-31/12/2026	1/4/2027-31/3/2028	—	3,500,000	—	—	(394,000)	3,106,000
						10,623,073	3,500,000	—	(1,696,790)	(1,624,607)	10,801,676

Note:

(1) Ms. CHENG Shu E was retired as the executive director of the Xinyi Energy on 2 June 2023. Her share options were reallocated into the category of continuous contract employees.

During the year ended 31 December 2024, 3,500,000 XYE Share Options were granted. The fair value of the equity-settled share options under the XYE Share Option Scheme granted during the year was estimated at RMB1,025,000.

The value of the XYE Share Options granted during the year ended 31 December 2024 is to be expensed through the income statement of Xinyi Energy over the three-year vesting period of XYE Share Options.

The fair value of XYE Share Options granted during the year ended 31 December 2024 was determined in accordance with the valuation performed by an independent valuer using the Black-Scholes option pricing model. Such model is one of the commonly used models to estimate the fair value of an option. The significant variables and assumptions used in computing the fair value of the XYE Share Options are set forth in the table below. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Share price at the grant date (HK$)	1.11
Exercise price (HK$)	1.12
Volatility (%)	51.22
Dividend yield (%)	5.41
Expected share option life (years)	3.51
Annual risk-free rate (%)	3.40

The number of XYE share options available for grant under the XYE Share Option Scheme was 651,566,772 as of 1 January 2024 and 648,066,772 as of 31 December 2024.

The number of XYE Shares that may be issued in respect of the XYE Share Options granted under the XYE Share Option Scheme during the year ended 31 December 2024 divided by the weighted average number of the XYE Shares in issue for the year ended 31 December 2024 is 0.04%.

During the year ended 31 December 2024, a total of 3,500,000 XYE Share Options granted to the employees of XYE Group (the "**XYE Grantees**"), among of which 1,166,666 XYE Share Options, representing one third of the total XYE Share Options granted, vested on 31 December 2024. Having considered that (i) such XYE Share Options vested where the performance target are satisfied during the performance period commenced from 1 January 2024 and ended on 31 December 2024, which is not less than 12 months, and (ii) the total vesting and holding period of the XYE Share Options is more than 12 months, the remuneration committee of Xinyi Energy (the "**XYE Remuneration Committee**") and the XYE Board consider that the grant of such XYE Share Options with a shorter vesting period could align the interests of the XYE Grantees with that of Xinyi Energy and the shareholders of Xinyi Energy, reward and provide incentive to the XYE Grantees to work towards success of the XYE Group, and reinforce their commitment to long-term services of the XYE Group, which is in line with the purpose of the XYE Share Option Scheme.

The vesting of the XYE Share Options granted to the XYE Grantees is subject to satisfaction of certain performance targets as determined by the XYE Board at its absolute discretion. The XYE Board will assess the performance of the XYE Group for the relevant year, including in particular key performance indicators, such as revenue, profit and sales target of the XYE Group as a whole and of the applicable business. Also, the XYE Group has established a standard performance appraisal system for its employees to evaluate their performance and contribution to the XYE Group.

There is no clawback mechanism attached to the share options granted to the XYE Grantees. The purpose of the XYE Share Option Scheme is to recognise and acknowledge the contributions the grantees had or may have made to the XYE Group. The XYE Share Option Scheme also provides the grantees with an opportunity to have a personal stake in Xinyi Energy with the view to satisfied the objectives of (i) motivate the grantees to optimise their performance efficiency for the benefit of the XYE Group and (ii) attract and retain or otherwise maintain on-going business relationship with the grantees whose contributions are or will be beneficial to the long-term growth of the XYE Group. Having considered that (i) the XYE Grantees are the director and the employees of the XYE Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the XYE Group; (ii) the grant of XYE Share Options to the XYE Grantees is a recognition for their past contributions to the XYE Group; and (iii) the XYE Share Options are subject to the terms of the XYE Share Option Scheme which provides for circumstances under which the XYE Share Options or any part thereof shall lapse in the event that the XYE Grantees cease to be a director and an employee of the XYE Group or commit a breach of the rules of the XYE Share Option Scheme, the XYE Remuneration Committee and the XYE Board consider that without additional clawback mechanism, the grant of the XYE Share Options could align the interests of the XYE Grantees with that of Xinyi Energy and the shareholders of Xinyi Energy, reward and provide incentive to the XYE Grantees to work towards successes of the XYE Group, and reinforce their commitment to long-term services of the XYE Group, which is in line with the purpose of the XYE Share Option Scheme.

Saved as disclosed above, Xinyi Energy did not make any grant of XYE Share Options to the directors and/or senior managers of Xinyi Energy as set forth in Rules 17.03F, 17.06B(7) and 17.06B(8) of the Listing Rules during the year ended 31 December 2024.

A summary of the principal terms of the XYE Share Option Scheme is as follows:

(i) Purpose

The purpose of the XYE Share Option Scheme is to enable Xinyi Energy to grant options to eligible participants ("**XYE Participants**") as incentives or rewards for their contribution or potential contribution to the Xinyi Energy and its subsidiaries (the "**XYE Group**") and to provide the XYE Participants an opportunity to have a personal stake in Xinyi Energy with the view to achieving the following objectives: (i) motivate the XYE Participants to optimise their performance efficiency for the benefit of XYE Group; (ii) attract and retain or otherwise maintain on-going business relationship with the XYE Participants whose contributions are or will be beneficial to the long-term growth of the XYE Group; and (iii) for such purposes as the board of directors of Xinyi Energy (the "**XYE Board**") may approve from time to time.

(ii) XYE Participants

The XYE Participants includes: (i) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the XYE Group (the "**XYE Executive**"), any full-time or part time employee, or a person for the time being seconded to work full-time or part time for any member of the XYE Group (the "**XYE Employee**"); (ii) a director or proposed director (including an independent non-executive director) of any member of the XYE Group; (iii) a direct or indirect shareholder of any member of the XYE Group; (iv) a supplier of goods or services to any member of the XYE Group; (v) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the XYE Group; (vi) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the XYE Group; and (vii) an associate of any of the persons referred to in items (i) to (iii) above.

(iii) Maximum number of shares of Xinyi Energy

The maximum number of shares of Xinyi Energy (the "**XYE Shares**") which may be issued upon exercise of all XYE Share Options to be granted under the XYE Share Option Scheme and any other schemes of the XYE Group shall not in aggregate exceed 662,734,947 XYE Shares, representing 10% of the XYE Shares in issue as of the date of listing, excluding XYE Shares which may fall to be issued upon the exercise of the over-allotment option of Xinyi Energy in relation to the listing.

The maximum number of XYE Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the XYE Share Option Scheme and any other schemes of XYE Group shall not exceed 30% of XYE Shares in issue from time to time. No options may be granted under the XYE Share Option Scheme and any other share option scheme of Xinyi Energy if this will result in such limit being exceeded.

The total number of securities available for issue under the XYE Share Option Scheme was 648,066,772, representing 7.73% of the issued XYE Shares (excluding treasury shares) as of the date of this annual report.

(iv) Maximum number of XYE Share Option to each XYE Participant

Unless with the approval of the shareholders of Xinyi Energy in general meeting, the maximum number of XYE Shares issued and which may fall to be issued upon exercise of the XYE Share Options granted under the XYE Share Option Scheme and any other schemes of Xinyi Energy (including both exercised and outstanding XYE Share Options) to each XYE Participant in any 12-month period up to the date of grant shall not exceed 1% of the XYE Shares in issue as of the date of grant.

(v) XYE Share Option period

The period during which the XYE Share Options may be exercised will be determined by the XYE Board in its absolute discretion, save that no XYE Share Option may be exercised more than 10 years after it has been granted. Save as determined by the XYE Board and provided in the offer of the grant of the relevant XYE Share Options, there is no minimum period for which the XYE Share Option must be held before it can be exercised.

(vi) Vesting period of the XYE Share Option

Subject to the provisions of the Listing Rules, the XYE Board may in its absolute discretion when offering the grant of the XYE Share Option impose the time or period before the right to exercise the XYE Share Option in respect of all or any of the XYE Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the XYE Share Option Scheme.

(vii) Acceptance and payment on acceptance

An offer for the grant of the XYE Share Options must be accepted within thirty days inclusive of the day on which such offer was made. A consideration of HK$1.00 is required to be paid by the grantee of the XYE Share Option to Xinyi Energy upon acceptance of the offer.

(viii) XYE Share Option price for subscription of XYE Shares

The subscription price of the XYE Shares in respect of any particular XYE Share Options shall be the price determined by the XYE Board in its absolute discretion, but in any event shall not be less than the highest of: (a) the closing price of the XYE Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant; (b) the average closing price of the XYE Shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the XYE Shares.

(ix) Remaining life of the XYE Share Option Scheme

The XYE Share Option Scheme will remain in force for a period of ten years commenced on 28 May 2019.

Further details of the XYE Share Option Scheme are set forth in note 27 to the consolidated financial statements in this annual report.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management are set forth on pages 20 to 23 of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of 31 December 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long position in the Shares

Name of Director	Capacity	Name of the controlled corporations	Number of Shares held	Approximate percentage of the Company's issued share capital
Dr. LEE Yin Yee, S.B.S.	Interest in a controlled corporation(1)	Realbest (as defined below)	889,357,636	9.796%
	Interest in a controlled corporation(2)	Xin Yuen (as defined below)	3,095,238	0.034%
	Interest in persons acting in concert(3)		1,513,369,141	16.669%
Tan Sri Datuk TUNG Ching Sai *J.P.*	Interest in a controlled corporation(4)	Copark (as defined below)	227,932,436	2.510%
	Family interest(4)		24,552,520	0.270%
	Interest in persons acting in concert(3)		2,153,337,059	23.719%
Mr. LI Man Yin	Interest in a controlled corporation(5)	Perfect All (as defined below)	93,145,584	1.026%
	Personal interest(5)		3,942,784	0.043%
	Family interest(5)		1,623,254	0.017%
	Interest in persons acting in concert(3)		2,307,110,393	25.413%
Mr. LEE Yau Ching	Interest in a controlled corporation(6)	Telerich (as defined below)	312,338,945	3.440%
Mr. CHU Charn Fai	Personal interest		416,000	0.004%

Notes:

(1) Dr. LEE Yin Yee, S.B.S. is the beneficial owner of the entire issued share capital of Realbest Investment Limited ("**Realbest**") which in turn is the registered owner of 889,357,636 Shares.

(2) Dr. LEE Yin Yee, S.B.S.'s interests in 3,095,238 Shares are held through Xin Yuen Investment Limited ("**Xin Yuen**") which was wholly-owned by Xin Wong Investment Limited ("**Xin Wong**"). Xin Wong is 50% owned by Dr. LEE Yin Yee, S.B.S. and 50% owned by his spouse, Madam TUNG Hai Chi.

(3) Pursuant to an agreement dated 31 May 2013 and entered into by Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor *D.C.S.M*, Tan Sri Datuk TUNG Ching Sai *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, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their Shares allotted to them under a conditional distribution in specie, by way of special interim dividend declared on 19 November 2013.

(4) Tan Sri Datuk TUNG Ching Sai *J.P.* is the beneficial owner of the entire issued share capital of Copark Investment Limited ("**Copark**") which is the registered owner of 227,932,436 Shares. Tan Sri Datuk TUNG Ching Sai *J.P.* also has 24,552,520 Shares through his spouse, Puan Sri Datin SZE Tan Hung.

(5) Mr. LI Man Yin is the beneficial owner of the entire issued share capital of Perfect All Investments Limited ("**Perfect All**") which is the registered owner of 93,145,584 Shares. Mr. LI Man Yin also has 3,942,784 Shares in his own name and 1,623,254 Shares through his spouse, Madam LI Sau Suet.

(6) Mr. LEE Yau Ching is one of the two directors of Telerich Investment Limited ("**Telerich**"), a company incorporated in the British Virgin Islands ("**BVI**") with limited liability and wholly-owned by Mr. LEE Sing Din, the father of Mr. LEE Yau Ching. Telerich is the registered owner of 312,338,945 Shares.

(ii) Share options of the Company

Name of Director	Capacity	Number of share options outstanding	Approximate percentage of the Company's issued share capital
Mr. CHU Charn Fai	Personal interest	1,428,000	0.015%

(iii) Long positions in an associated corporation

The following table sets forth the interests of the Directors in Xinyi Energy, a non-wholly owned subsidiary of the Company, as of 31 December 2024:

Name of Director	Capacity	Name of the controlled corporations	Number of XYE Shares held	Approximate percentage of Xinyi Energy's issued share capital
Dr. LEE Yin Yee, S.B.S.	Interest in a controlled corporation(1)	Charm Dazzle (as defined below)	483,504,733	5.772%
	Interest in a controlled corporation(1)	Realbest	87,526,073	1.044%
	Interest in a controlled corporation(2)	Full Guang (as defined below)	8,030,321	0.095%
	Joint interest(1)		3,775,205	0.045%
	Family interest(1)		4,579,314	0.054%
	Interest in persons acting in concert(3)		964,197,478	11.510%
Tan Sri Datuk TUNG Ching Sai *J.P.*	Interest in a controlled corporation(4)	Sharp Elite (as defined below)	192,410,355	2.296%
	Interest in a controlled corporation(4)	Copark	30,553,206	0.364%
	Family interest(4)		14,910,018	0.177%
	Interest in persons acting in concert(3)		1,313,739,545	15.683%
Mr. LI Man Yin	Interest in a controlled corporation(5)	Will Sail (as defined below)	47,557,842	0.567%
	Interest in a controlled corporation(5)	Perfect All	9,657,353	0.115%
	Personal interest(5)		394,278	0.004%
	Family interest(5)		162,325	0.001%
	Interest in persons acting in concert(3)		1,493,841,326	17.833%

Notes:

(1) Dr. LEE Yin Yee, S.B.S. is the beneficial owner of the entire issued share capital of Realbest and Charm Dazzle Limited ("**Charm Dazzle**") which in turn are the registered owner of 87,526,073 and 483,504,733 XYE Shares respectively. Dr. LEE Yin Yee, S.B.S. also has 3,775,205 XYE Shares jointly held with and 4,579,314 XYE Shares held by his spouse, Madam TUNG Hai Chi.

(2) The interest in the XYE Shares are held through Full Guang Holdings Limited ("**Full Guang**"). Full Guang is owned by Dr. LEE Yin Yee, S.B.S. as to 33.98%, Datuk Wira TUNG Ching Bor *D.C.S.M* as to 16.21%, Tan Sri Datuk TUNG Ching Sai *J.P.* as to 16.21%, Mr. LEE Sing Din (father of Mr. LEE Yau Ching) as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

(3) Pursuant to an agreement dated 22 November 2018 and entered into by Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor *D.C.S.M*, Tan Sri Datuk TUNG Ching Sai *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, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to dispose of their XYE Shares allotted to them under a conditional distribution in specie received at the time of listing of Xinyi Energy.

(4) Tan Sri Datuk TUNG Ching Sai *J.P.* is the beneficial owner of the entire issued share capital of Copark and Sharp Elite Holdings Limited ("**Sharp Elite**") which are the registered owner of 30,553,206 and 192,410,355 XYE Shares respectively. Tan Sri Datuk TUNG Ching Sai *J.P.* also has 14,910,018 XYE Shares through his spouse, Puan Sri Datin SZE Tan Hung.

(5) Mr. LI Man Yin is the beneficial owner of the entire issued share capital of Will Sail Limited ("**Will Sail**") and Perfect All which are the registered owner of 47,557,842 and 9,657,353 XYE Shares respectively. Mr. LI Man Yin also has 394,278 XYE Shares in his own name and 162,325 XYE Shares through his spouse, Madam LI Sau Suet.

Save as disclosed above, as of 31 December 2024, to the knowledge of the Company, none of the Directors or chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the Shares underlying Share and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As of 31 December 2024, the following persons, (other than a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of substantial Shareholders	Nature of interest and capacity	(L/S)*	Number of Shares held	Approximate percentage of the Company's issued share capital
Xinyi Group (Glass) Company Limited	Beneficial owner	(L)	2,105,246,835	23.189%
Xinyi Automobile Glass (BVI) Company Limited	Interest in a controlled corporation	(L)	2,105,246,835	23.189%
Xinyi Glass Holdings Limited	Beneficial owner	(L)	44,669,281	0.492%
	Interest in a controlled corporation	(L)	2,105,246,835	23.189%
Datuk Wira TUNG Ching Bor *D.C.S.M*	Interest in a controlled corporation(1)	(L)	322,022,082	3.547%
	Joint interest(1)	(L)	20,674,682	0.227%
	Interest in persons acting in concert(2)	(L)	2,063,125,251	22.725%
Mr. LEE Sing Din	Interest in a controlled corporation(3)	(L)	312,338,945	3.440%
	Personal interest(3)	(L)	2,482,872	0.027%
	Joint interest(3)	(L)	40,788,066	0.449%
	Interest in persons acting in concert(2)	(L)	2,050,212,132	22.583%
Mr. LI Ching Wai	Interest in a controlled corporation(4)	(L)	136,504,464	1.503%
	Personal interest	(L)	3,430,000	0.037%
	Interest in persons acting in concert(2)	(L)	2,265,887,551	24.958%
Mr. SZE Nang Sze	Interest in a controlled corporation(5)	(L)	127,253,975	1.401%
	Personal interest	(L)	3,739,282	0.041%
	Interest in persons acting in concert(2)	(L)	2,274,828,758	25.057%
Mr. NG Ngan Ho	Interest in a controlled corporation(6)	(L)	92,232,465	1.015%
	Personal interest	(L)	2,527,239	0.027%
	Interest in persons acting in concert(2)	(L)	2,311,062,311	25.456%

Name of substantial Shareholders	Nature of interest and capacity	(L/S)*	Number of Shares held	Approximate percentage of the Company's issued share capital
Mr. LI Ching Leung	Interest in a controlled corporation[7]	(L)	89,616,113	0.987%
	Personal interest[7]	(L)	8,085,886	0.089%
	Family interest[7]	(L)	476,492	0.005%
	Interest in persons acting in concert[2]	(L)	2,307,643,524	25.418%
BlackRock, Inc. ("**BlackRock**")	Interest in controlled corporations [8]	(L)	448,778,362	4.943%
	Interest in controlled corporations [9]	(S)	18,521,966	0.204%

* (L) represents Long Position; (S) represents Short Position.

Notes:

(1) Datuk Wira TUNG Ching Bor *D.C.S.M*'s interests in the Shares are held through High Park Technology Limited, a company incorporated in the BVI with limited liability and wholly-owned by Datuk Wira TUNG Ching Bor *D.C.S.M*. Datuk Wira TUNG Ching Bor *D.C.S.M* also has 20,674,682 Shares held through a joint account with his spouse, Datin Wira KUNG Sau Wai.

(2) Pursuant to an agreement dated 31 May 2013 and entered into by Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor *D.C.S.M*, Tan Sri Datuk TUNG Ching Sai *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, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their Shares allotted to them under a conditional distribution in specie, by way of special interim dividend declared on 19 November 2013.

(3) Mr. LEE Sing Din's interests in the Shares are held through Telerich, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din. Mr. LEE Sing Din also has 2,482,872 Shares held in his own name and 40,788,066 Shares held through a joint account with his spouse, Madam LI Kam Ha.

(4) Mr. LI Ching Wai's interests in the Shares are held through Goldbo International Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai.

(5) Mr. SZE Nang Sze's interests in the Shares are held through Goldpine Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.

(6) Mr. NG Ngan Ho's interests in the Shares are held through Linkall Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. NG Ngan Ho.

(7) Mr. LI Ching Leung's interests in the Shares are held through Herosmart Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung also has 8,085,886 Shares held in his own name and 476,492 Shares held through his spouse, Madam DY Maria Lumin.

(8) It included 5,768,000 underlying Shares through BlackRock's holding of certain unlisted derivatives in cash settled.

(9) It included 12,251,999 underlying Shares through BlackRock's holding of certain unlisted derivatives in cash settled.

Saved as disclosed above, as of 31 December 2024, the Directors were not aware of any other person having an interests or short position in the Shares and the underlying Shares as notified to the Company pursuant to Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

As of 31 December 2024, none of the Directors and their respective associates (as defined in the Listing Rules) or the controlling shareholders (as defined in the Listing Rules) of the Company had any interest in a business, which competes or may compete with the business of the Group.

DEED OF NON-COMPETITION

The independent non-executive Directors have reviewed the compliance and the enforcement of the deed of non-competition dated 19 November 2013 entered by the Covenantors (as defined therein) in favour of the Company and have not noticed any material non-compliance of such deed by the Convenantors.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 December 2024, appropriate insurance covering for the Directors' and senior management's liabilities arising out of activities of the Group has been arranged by the Company. As of the date of this annual report, such insurance covering remained effective.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES (INCLUDING SALE OF TREASUREY SHARES)

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares (including sale of treasury shares) in, or debentures of, the Company or any other body corporate and neither the Directors or the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

Sales	
– the largest customer	14.2%
– five largest customers in aggregate	49.2%
Purchases	
– the largest supplier	8.7%
– five largest suppliers in aggregate	28.9%

None of the Directors, their associates or any shareholder of the Company which, to the best knowledge of the Directors, owned more than 5% of the Company's issued share capital, had any interest in the share capital of the Group's five largest customers and five largest suppliers.

Report of the Directors

BORROWINGS

The total borrowings of the Group as at 31 December 2024 amounted to RMB11,640.1 million (2023: RMB9,573.4 million). Particulars of the borrowings are set forth in note 30 to the consolidated financial statements in this annual report.

REWARD FOR EMPLOYEES

As of 31 December 2024, the Group had about 9,645 full-time employees with 8,211 based in Mainland China and 1,434 in other territories. Remuneration packages offered to the Group's employees are consistent with the prevailing market terms and reviewed on a regular basis. Discretionary bonuses may be rewarded to employees taking into consideration of the Group's performance and the performance of the individual employee. The Directors confirm that 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.

CONNECTED TRANSACTIONS

Details of the related party transaction of the Group for the year ended 31 December 2024 are set forth in note 36 to the consolidated financial statements in this annual report. The related party transactions fall under the definition of connected transactions and continuing connected transactions under the Listing Rules (as disclosed below) have complied with the requirements under Chapter 14A of the Listing Rules. Some of these transactions also constitute "connected transaction" and "non-exempt continuing connected transactions" under Chapter 14A of the Listing Rules, as identified below. Save for the aforementioned, other related party transactions as set out in note 36 to the consolidated financial statements in this annual report were entitled to full exemption from the annual review and disclosure requirements under Chapter 14A of the Listing Rules.

Connected transaction - Change in ownership interests in subsidiaries without loss of control

During the year ended 31 December 2024, the Group completed the disposals of the below solar farm projects to Xinyi Energy. The disposals were made pursuant to the terms and conditions of the solar farm agreement dated 5 December 2018 entered into between the Company and Xinyi Energy and the sales and purchase agreements dated 28 April 2023 and 28 February 2024 entered into between the members of the Group and the members of XYE Group and in accordance with the business delineation between Xinyi Solar as a solar farm developer and Xinyi Energy as a solar farm operator.

Date of disposal	Company	% of equity interest held Before disposal	Immediately after disposal	Cash consideration (RMB million)	Approved grid-connected capacity (MW)
June 2024	Xinchuang Renewable Energy (Lianjiang) Limited	100%	51.60%	140.5	200
September 2024	Xinyun Solar (Qujing) Limited	100%	51.56%	468.6	560
December 2024	Wuhu Xinzhi Renewable Energy Limited	100%	51.62%	67.3	100

Xinyi Energy is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules. The above disposals constitute connected transaction of the Company under Chapter 14A of the Listing Rules. For further details, please refer to the Company's announcements dated 28 April 2023 and 28 February 2024.

Report of the Directors

Continuing connected transactions during the reporting period

During the year ended 31 December 2024, the Group had the following non-exempt continuing connected transactions, details of which are set forth below:

1) *Purchase of glass products*

As disclosed in the Company's announcement dated 28 December 2023, the Company entered into a glass purchase agreement (the "**2024 Glass Purchase Agreement**") dated 28 December 2023 with Xinyi Group (Glass) Company Limited ("**Xinyi Glass (Hong Kong)**") in relation to the purchase of architectural glass products by the Group from Xinyi Glass (Hong Kong) and its subsidiaries for the year ended 31 December 2024. The purpose of the 2024 Glass Purchase Agreements was to secure a stable and reliable supply source of architectural glass products with savings in transportation and handling costs.

The annual cap and the actual transaction amounts of the transactions contemplated under the 2024 Glass Purchase Agreement for the year ended 31 December 2024 are RMB13,600,000 and RMB5,417,000, respectively.

Xinyi Glass (Hong Kong) is a substantial shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the 2024 Glass Purchase Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

2) *Purchase of machineries*

As disclosed in the Company's announcement dated 28 December 2023, the Group entered into a production equipment purchase agreement (the "**2024 Production Equipment Purchase Agreement**") dated 28 December 2023 with Anhui Xinyi Intelligent Machinery Company Limited ("**Anhui Xinyi Machinery**") in relation to the purchase of the production equipment and auxiliary facilities from Anhui Xinyi Machinery by the Group for the year ended 31 December 2024. The purpose of entering into the 2024 Production Equipment Purchase Agreement was to enable the Group to continue to purchase from Anhui Xinyi Machinery the required production equipment for production purpose.

The annual cap and the actual transaction amounts of the transactions contemplated under the 2024 Production Equipment Purchase Agreement for the year ended 31 December 2024 are RMB288,000,000 and RMB199,371,000, respectively.

Anhui Xinyi Machinery is a non-wholly owned subsidiary of the substantial shareholder of the Company, Xinyi Glass, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the 2024 Production Equipment Purchase Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

3) Solar Farm O&M Agreement

As disclosed in the Company's announcement dated 31 December 2021, the Company entered into a memorandum (the "**Renewal Memorandum**") dated 31 December 2021 with Xinyi Energy to renew the solar farm operation and management agreement (the "**O&M Agreement**") for the three years ended on 31 December 2024. Pursuant to the O&M Agreement and the Renewal Memorandum, XYE Group has agreed to provide solar farm operation and management services to the connection-ready solar farm projects developed or constructed by the Group but excluding XYE Group (the "**Remaining Group**"). The purpose of entering into the O&M Agreement and the Renewal Memorandum is to facilitate clear business delineation between Xinyi Energy Group and the Remaining Group.

The annual cap and the actual transaction amount of the transactions contemplated under the O&M Agreement and the Renewal Memorandum for the year ended 31 December 2024 are RMB15,000,000 and RMB11,485,000, respectively.

Xinyi Energy is a connected subsidiary of the Company pursuant to rule 14A.16 of the Listing Rules. Accordingly, the solar farm operation and management services provided by XYE Group constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

4) Rechargeable Battery packs and Energy Storage Systems

As disclosed in the Company's announcement dated 31 October 2023, the Group entered into a product sales framework agreement ("**2024 Energy Storage System Agreement**") dated 31 October 2023 with Xinyi Electric Storage Holdings Limited ("**Xinyi Electric Storage**") in relation to the purchase of the rechargeable battery packs and energy storage systems from Xinyi Electric Storage by the Group for the three years ending 31 December 2026. The purpose of entering into the 2024 Energy Storage System Agreement is to enable the Group to have in-time supply of the electric products and systems from Xinyi Electric Storage upon such acceptable terms and conditions and assurance on product specifications and quality.

The annual cap and the actual transaction amount of the transactions contemplated under the 2024 Energy Storage System Agreement for the year ended 31 December 2024 are RMB127,700,000 and RMB8,835,000, respectively.

As various Directors of the Company, namely Dr. LEE Yin Yee, S.B.S., Tan Sri Datuk TUNG Ching Sai *J.P.* and Mr. LI Man Yin and their associates are interested in more than 30% in aggregate of the issued share capital of Xinyi Electric Storage, Xinyi Electric Storage is a connected person of the Company under the Listing Rules. Accordingly, the 2024 Energy Storage System Agreement constitutes a continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

5) *Sales of Silica Sand*

As disclosed in the Company's announcement dated 4 January 2024, Hepu Xinyi Mining Company Limited ("**Hepu Mining**"), a wholly-owned subsidiary of the Group, entered into an agreement (the "**2024 Silica Sand Sales Agreement**") dated 4 January 2024 with Xinyi Glass (Hong Kong) in relation to the sales of silica sand by Hepu Mining to Xinyi Glass (Hong Kong) for the year ended 31 December 2024. The purpose of entering into the 2024 Silica Sand Sales Agreement was to better utilise the resources and generate additional revenue from the Group's silica sand mine.

The annual cap and the actual transaction amounts of the transactions contemplated under the 2024 Silica Sand Sales Agreement for the year ended 31 December 2024 are RMB96,400,000 and RMB51,668,000, respectively.

Xinyi Glass (Hong Kong) is a substantial shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the 2024 Silica Sand Sales Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

6) *Purchase of Silica Sand*

As disclosed in the Company's announcement dated 4 January 2024, the Company entered into an agreement (the "**2024 Silica Sand Purchase Agreement**") dated 4 January 2024 with Xinyi Glass (Hong Kong) in relation to the purchase of low iron silica sand by the Group from Xinyi Glass (Hong Kong) for the year ended 31 December 2024. The purpose of entering into the 2024 Silica Sand Purchase Agreement was to secure a stable and reliable supply source of low iron silica sand for the production of solar glass.

The annual cap and the actual transaction amounts of the transactions contemplated under the 2024 Silica Sand Purchase Agreement for the year ended 31 December 2024 are RMB57,400,000 and nil, respectively.

Xinyi Glass (Hong Kong) is a substantial shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Silica Sand Purchase Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

7) *Marine Transportation*

As disclosed in the Company's announcement dated 17 December 2024, the Company entered into a marine transportation agreement (the "**Marine Transportation Agreement**") dated 17 December 2024 with Hong Kong Xinyi Shipping Company Limited ("**Xinyi Shipping**") in relation to the provide of marine transportation services by Xinyi Shipping to the Group commenced on 17 December 2024 and ending on 31 December 2026. The purpose of entering into the Marine Transportation Agreement could able to secure more cargo space and select the most cost-efficient way of shipment of the raw materials, consumables and equipment from suppliers and between the Group's production facilities, and the shipment of solar glass products to target markets.

The annual cap and the actual transaction amounts of the transactions contemplated under the Marine Transportation Agreement for the year ended 31 December 2024 are US$3,900,000 and US$3,309,000 (equivalent to RMB23,771,000),respectively.

Xinyi Shipping is a wholly owned subsidiary of the substantial shareholder of the Company, Xinyi Glass, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Marine Transportation Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

All independent non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into: (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions to the Board in accordance with rule 14A.56 of the Listing Rules and confirming there is nothing has come to their attention that causes them to believe that the continuing connected transactions: (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (d) have exceeded the annual cap as set by the Company.

Continuing connected transactions after the reporting period

The Group had the following non-exempt continuing connected transactions after the reporting period, details of which are set forth below:

1) *Purchase of machineries*

As disclosed in the Company's announcement dated 30 December 2024, the Group entered into a production equipment purchase agreement (the "**2025 Production Equipment Purchase Agreement**") dated 30 December 2024 with Anhui Xinyi Machinery in relation to the purchase of the production equipment and auxiliary facilities from Anhui Xinyi Machinery by the Group for the year ending 31 December 2025. The purpose of entering into the 2025 Production Equipment Purchase Agreement was to enable the Group to purchase from Anhui Xinyi Machinery the required production equipment for production purpose. The annual cap of the transactions contemplated under the 2025 Production Equipment Purchase Agreement for the year ending 31 December 2025 is RMB168,800,000.

Anhui Xinyi Machinery is a non-wholly owned subsidiary of the substantial shareholder of the Company, Xinyi Glass Holdings Limited, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the 2025 Production Equipment Purchase Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

2) *Sales of Silica Sand*

As disclosed in the Company's announcement dated 30 December 2024, Hepu Mining entered into an agreement (the "**2025 Silica Sand Agreement**") dated 30 December 2024 with Xinyi Glass (Hong Kong) in relation to the sales of silica sand by Hepu Mining to Xinyi Glass (Hong Kong) for the year ending 31 December 2025. The purpose of entering into the 2025 Silica Sand Sales Agreement was to better utilise the resources and generate additional revenue from the Group's silica sand mine. The annual cap of the transactions contemplated under the 2025 Silica Sand Agreement for the year ending 31 December 2025 is RMB71,000,000.

Xinyi Glass (Hong Kong) is a substantial shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the 2025 Silica Sand Sales Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

3) *Solar Farm O&M Agreement*

As disclosed in the Company's announcement dated 31 December 2024, the Company entered into a memorandum (the "**Second Renewal Memorandum**") dated 31 December 2024 with Xinyi Energy to confirm the renewal of the O&M Agreement for the three years ending 31 December 2027. Pursuant to the O&M Agreement and the Second Renewal Memorandum, XYE Group has agreed to provide solar farm operation and management services to the connection-ready solar farm projects developed or constructed by the Group. The annual cap of the transactions contemplated under the Second Renewal Memorandum for the three years ending 31 December 2027 is RMB15,000,000.

Xinyi Energy is a connected subsidiary of the Company pursuant to rule 14A.16 of the Listing Rules. Accordingly, the solar farm operation and management services provided by Xinyi Energy Group constitute continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Please refer to section headed "Corporate Governance Report" set forth in pages 24 to 36 of this annual report for details of the compliance with the Corporate Governance Code.

AUDIT COMMITTEE

The Company has established an audit committee, comprising three independent non-executive Directors, with written terms of reference in compliance with the requirements of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to provide comments and give advice to the Board. The audit committee has reviewed the audited financial statements of the Company and audited consolidated financial statements of the Group for the year ended 31 December 2024.

Report of the Directors

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 December 2024 and up to the date of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2024 has been audited by PricewaterhouseCoopers ("**PwC**").

PwC will retire as the auditor of the Company effective from the conclusion of the AGM and will not offer itself for re-appointment as the auditor of the Company.

The Board has resolved to appoint Ernst & Young as the auditor of the Company for the year ending 31 December 2025 until the conclusion of the next annual general meeting of the Company, subject to the approval of the Shareholders at the AGM.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Friday, 30 May 2025, at 21/F, Rykadan Capital Tower, No. 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, at 10:15 a.m. The notice convening the AGM will be published on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.xinyisolar.com, and will be dispatched to the shareholders in due course.

The register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025, both days inclusive, during which period no transfer of the Shares will be registered. In order to determine the entitlement to attend and vote at the AGM, 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 Monday, 26 May 2025.

On Behalf of the Board

Dr. LEE Yin Yee, S.B.S.
Chairman

Hong Kong, 28 February 2025

Independent Auditor's Report

羅兵咸永道

To the Shareholders of Xinyi Solar Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Xinyi Solar Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 82 to 205, comprise:

- the consolidated income statement for the year ended 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated balance sheet as at 31 December 2024;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Provision of loss allowance of trade receivables from sales of solar glass
- Provision for impairment of inventories

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision of loss allowance of trade receivables from sales of solar glass Refer to notes 3.1(b), 4(a), 22 and 40.11 to the consolidated financial statements. The Group has trade receivables from sales of solar glass of RMB3,634.7 million as at 31 December 2024 against which provisions for expected credit losses of RMB18.1 million are made. The Group measures the loss allowance for its trade receivables from sales of solar glass at an amount equal to the lifetime expected credit losses. Expected credit losses are estimated by grouping the receivables based on the shared credit risk characteristics and collectively assessed for the likelihood of recovery and applying expected credit loss rates to the respective gross carrying amounts of the receivables. The expected credit loss rates are determined based on the historical credit losses experience and are adjusted to reflect current and forward-looking information on economic indicators, scenarios and the underlying probability weightings. For trade receivables from sales of solar glass with significant increases in credit risk, they are assessed for impairment allowance individually. We focus on this area because of the magnitude of the trade receivables from sales of solar glass balance to the consolidated balance sheet and the significant judgement applied in assessing the allowance for expected credit losses.	Our procedures in relation to the provision of loss allowance of trade receivables from sales of solar glass included: • we obtained an understanding of the management's internal control and assessment process of expected credit losses of trade receivables from sales of solar glass and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as subjectivity and changes, etc.; • we evaluated the outcome of prior period assessment of expected credit losses of trade receivables from sales of solar glass to assess the effectiveness of management's estimation process; • we evaluated and tested, on a sample basis, the key internal control over the management's assessment of the expected credit losses of trade receivables from sales of solar glass; • for trade receivables from sales of solar glass assessed collectively by making reference to the credit risk characteristics, we understood management's grouping process and assessed the reasonableness by comparing, on a sample basis, available information such as the respective financial position and creditworthiness of the customers to management's records; • for forward looking information, we challenged the appropriateness of economic indicators selected by management, evaluated the economic scenarios and the underlying probability weightings applied by management; and tested the resulting calculation of the economic indicators determined thereby;

Key Audit Matter	How our audit addressed the Key Audit Matter
	• we evaluated the appropriateness of management's expected credit losses modelling methodologies in accordance with relevant financial reporting standards and reasonableness of significant assumptions adopted by management; • we tested, on a sample basis, the accuracy and completeness of the data being used in the assessment of management and mathematical accuracy of management's assessment; and • we assessed the adequacy of the disclosures related to expected credit losses of trade receivables from sales of solar glass. Based on the procedures performed, we found that management's judgements and assumptions used in the assessments of the provision of loss allowance of trade receivables from sales of solar glass to be supportable by the available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for impairment of inventories Refer to notes 4(f) and 20 and to the consolidated financial statements. As at 31 December 2024, the Group's gross amount of inventories was RMB3,040.3 million, against which a provision of RMB184.3 million was made. Valuation of inventories are stated at the lower of cost and net realisable value ("NRV") in the consolidated financial statements. The Group measures the NRV at period end based on the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, taking into account historical experience of selling products of similar nature and expectation of future sales based on current market condition. We focus on this area because of the magnitude of the inventories balance to the consolidated balance sheet and the significant judgement and estimates applied in determining the provision for impairment of inventories.	Our procedures in relation to the provision for impairment of inventories included: • we obtained an understanding of the management's internal control and assessment process of provision for impairment of inventories and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as subjectivity and changes, etc.; • we evaluated the outcome of prior period assessment of the provision for impairment of inventories to assess the effectiveness of management's estimation process; • we evaluated and tested, on a sample basis, the key internal control over the management's assessment of the provision for impairment of inventories; • we assessed the reasonableness of the management's key assumptions used in the calculation of provision for impairment of inventories such as the estimated selling price and the estimated costs of completion, by comparing the assumptions to the historical data, market condition and the selling price subsequent to the year; and • we tested the mathematical accuracy of the calculations of the provision for impairment of inventories made by management. Based on the procedures performed, we found that management's judgements and assumptions used in the assessments of the provision for impairment of inventories to be supportable by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in Xinyi Solar Holdings Limited 2024 Annual Report (the "annual report") other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including Corporate Information, Chairman's Statement, Management Discussion and Analysis, Profile of Directors and Senior Management, Corporate Governance Report, Report of the Directors and Financial Summary prior to the date of this auditor's report. The remaining other information, which is the Environmental, Social and Governance Report to be included in the annual report, is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Audit Committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Li Wang Kei.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 February 2025

Consolidated Income Statement

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000 (Restated) (Note 2.2)
Revenue	5	**21,921,447**	24,163,667
Cost of sales excluding impairment losses on property, plant and equipment ("PPE")	7	**(18,055,449)**	(17,697,502)
Gross profit excluding impairment losses on PPE		**3,865,998**	6,466,165
Cost of sales - impairment losses on PPE	7,17	**(392,858)**	—
Gross profit		**3,473,140**	6,466,165
Other income	5	**273,880**	336,408
Other losses – net	6	**(258,434)**	(208,235)
Selling and marketing expenses	7	**(126,963)**	(96,868)
Administrative and other operating expenses	7	**(1,019,345)**	(1,091,469)
Net impairment losses on financial and contract assets	3.1(b)	**(15,563)**	(9,048)
Operating profit		**2,326,715**	5,396,953
Finance income	10	**23,279**	31,066
Finance costs	10	**(432,107)**	(348,697)
Share of net profits of investments accounted for using the equity method	16	**17,411**	25,527
Profit before income tax		**1,935,298**	5,104,849
Income tax expense	11	**(526,227)**	(797,171)
Profit for the year		**1,409,071**	4,307,678
Profit for the year attributable to:			
– the equity holders of the Company		**1,008,233**	3,842,756
– non-controlling interests		**400,838**	464,922
		1,409,071	4,307,678
Earnings per share attributable to the equity holders of the Company (Expressed in RMB cents per share)			
– Basic	12(a)	**11.27**	43.17
– Diluted	12(b)	**11.27**	43.16

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000 (Restated) (Note 2.2)
Profit for the year		**1,409,071**	4,307,678
Other comprehensive income for the year, net of tax:			
Items that will not be reclassified to profit or loss			
Currency translation differences		**207,573**	141,368
Items that may be reclassified to profit or loss			
Currency translation differences		**33,460**	(120,681)
Share of other comprehensive loss of investments accounted for under the equity method			
– Share of currency translation differences	16	**1,615**	1,054
Total comprehensive income for the year		**1,651,719**	4,329,419
Total comprehensive income for the year attributable to:			
– the equity holders of the Company		**1,322,477**	3,892,495
– non-controlling interests		**329,242**	436,924
		1,651,719	4,329,419

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2024

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated) (Note 2.2)	1 January 2023 RMB'000 (Restated) (Note 2.2)
Assets				
Non-current assets				
Property, plant and equipment	17	**36,167,785**	33,310,671	24,554,165
Right-of-use assets	18	**2,175,439**	2,153,387	1,939,170
Intangible assets	19	**29,346**	28,233	18,925
Prepayments for land use rights and property, plant and equipment	23	**415,867**	863,211	1,006,016
Finance lease receivables	24	**167,974**	192,407	196,717
Investments accounted for using the equity method	16	**244,455**	313,737	305,156
Deferred income tax assets	31	**168,677**	142,779	125,365
Total non-current assets		**39,369,543**	37,004,425	28,145,514
Current assets				
Inventories	20	**2,856,039**	1,912,056	1,815,967
Contract assets	21	**33,321**	30,529	37,326
Trade receivables	22	**8,541,364**	7,367,228	6,457,363
Bills receivables at amortised cost	22	**3,046,843**	3,059,278	2,104,077
Bills receivables at fair value through other comprehensive income	3.3(a),22	**280,756**	467,088	768,441
Financial assets at fair value through profit or loss	3.3(a)	**58,243**	50,847	—
Prepayments, deposits and other receivables	23	**1,494,623**	1,621,089	911,424
Finance lease receivables	24	**11,881**	11,895	10,770
Current tax assets		**204,030**	3,192	91,114
Amounts due from related companies	36	**887**	10,324	7,520
Amounts due from investments accounted for using the equity method	36	**62,421**	—	89,822
Restricted cash	25	**19,589**	961,619	40,030
Fixed bank deposits	25	**131,338**	—	—
Cash and cash equivalents	25	**821,606**	2,572,275	4,765,981
Total current assets		**17,562,941**	18,067,420	17,099,835
Total assets		**56,932,484**	55,071,845	45,245,349
Equity				
Capital and reserves attributable to the equity holders of the Company				
Share capital	26	**738,830**	723,002	722,378
Share premium and other reserves	28	**10,148,435**	10,191,859	10,491,900
Retained earnings		**18,164,525**	18,223,203	15,413,303
		29,051,790	29,138,064	26,627,581
Non-controlling interests		**5,356,082**	5,357,035	4,886,711
Total equity		**34,407,872**	34,495,099	31,514,292

Consolidated Balance Sheet

As at 31 December 2024

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated) (Note 2.2)	1 January 2023 RMB'000 (Restated) (Note 2.2)
Liabilities				
Non-current liabilities				
Deferred income tax liabilities	31	**150,349**	175,725	156,574
Borrowings	30	**5,496,799**	3,299,711	3,288,016
Lease liabilities	18	**831,625**	843,036	743,074
Other payables	29	**701,967**	559,862	48,189
Total non-current liabilities		**7,180,740**	4,878,334	4,235,853
Current liabilities				
Borrowings	30	**6,143,255**	6,273,644	3,900,053
Trade, bills and other payables	29	**7,132,305**	7,572,011	4,851,915
Contract liabilities	21	**79,421**	76,591	98,132
Lease liabilities	18	**71,716**	77,715	44,790
Amounts due to related companies	36	**1,852,132**	1,505,829	402,889
Current income tax liabilities		**65,043**	192,622	197,425
Total current liabilities		**15,343,872**	15,698,412	9,495,204
Total liabilities		**22,524,612**	20,576,746	13,731,057
Total equity and liabilities		**56,932,484**	55,071,845	45,245,349

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 82 to 205 were approved by the Board of Directors on 28 February 2025 and were signed on its behalf.

LEE Yin Yee, S.B.S.
Chairman and Non-Executive Director

LEE Shing Put, B.B.S
Vice Chairman, Chief Executive Officer and Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	For the year ended 31 December 2024						
	Attributable to equity holders of the Company						
	Share capital (Note 26) RMB'000	Share premium (Note 28) RMB'000	Other reserves (Note 28) RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024	723,002	6,294,092	3,897,767	18,223,203	29,138,064	5,357,035	34,495,099
Comprehensive income							
Profit for the year	—	—	—	1,008,233	1,008,233	400,838	1,409,071
Other comprehensive income							
Currency translation differences	—	—	312,629	—	312,629	(71,596)	241,033
Share of other comprehensive income of investments accounted for using the equity method	—	—	1,615	—	1,615	—	1,615
Total comprehensive income for the year	—	—	314,244	1,008,233	1,322,477	329,242	1,651,719
Transactions with owners							
Employees' share option scheme:							
– exercise of employees' share options	612	32,480	(6,236)	—	26,856	—	26,856
– value of employee services (Note 8)	—	—	4,908	—	4,908	(578)	4,330
Issuance of shares in respect of scrip dividend of 2023 final dividend and 2024 interim dividend	15,216	505,865	—	(40,143)	480,938	—	480,938
Dividend (Note 13):							
– 2023 final dividend	—	(1,237,183)	—	—	(1,237,183)	—	(1,237,183)
– 2024 interim dividend	—	—	—	(827,585)	(827,585)	—	(827,585)
Dividend paid to non-controlling interests (Note 15)	—	—	—	—	—	(140,039)	(140,039)
Appropriation to statutory reserves	—	—	188,820	(188,820)	—	—	—
Net movement of safety fund surplus reserve	—	—	10,363	(10,363)	—	—	—
Acquisition of additional interest in a subsidiary	—	—	695	—	695	(9,740)	(9,045)
Changes in ownership interest in subsidiaries without loss of control (Note 15)	—	—	142,620	—	142,620	(179,838)	(37,218)
Balance at 31 December 2024	738,830	5,595,254	4,553,181	18,164,525	29,051,790	5,356,082	34,407,872

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

For the year ended 31 December 2023

	Attributable to equity holders of the Company						
	Share capital (Note 26) (Note 2.2) RMB'000	Share premium (Note 28) (Note 2.2) RMB'000	Other reserves (Note 28) (Note 2.2) RMB'000	Retained earnings (Note 2.2) RMB'000	Total (Note 2.2) RMB'000	Non-controlling interests (Note 2.2) RMB'000	Total equity (Note 2.2) RMB'000
Balance at 1 January 2023 (Restated)	722,378	7,071,419	3,420,481	15,413,303	26,627,581	4,886,711	31,514,292
Comprehensive income							
Profit for the year	—	—	—	3,842,756	3,842,756	464,922	4,307,678
Other comprehensive income							
Currency translation differences	—	—	48,685	—	48,685	(27,998)	20,687
Share of other comprehensive income of investments accounted for using the equity method	—	—	1,054	—	1,054	—	1,054
Total comprehensive income for the year	—	—	49,739	3,842,756	3,892,495	436,924	4,329,419
Transactions with owners							
Employees' share option scheme:							
– exercise of employees' share options	624	29,065	(5,397)	—	24,292	10	24,302
– value of employee services (Note 8)	—	—	45,684	—	45,684	1,126	46,810
Capital contributions from non-controlling interests	—	—	—	—	—	3,159	3,159
Dividend (Note 13):							
– 2022 final dividend	—	(806,392)	—	—	(806,392)	—	(806,392)
– 2023 interim dividend	—	—	—	(612,053)	(612,053)	—	(612,053)
Dividend paid to non-controlling interests (Note 15)	—	—	—	—	—	(339,765)	(339,765)
Appropriation to statutory reserve	—	—	407,518	(407,518)	—	—	—
Net movement of safety fund surplus reserve	—	—	13,285	(13,285)	—	—	—
Changes in ownership interest in subsidiaries without loss of control (Note 15)	—	—	(33,543)	—	(33,543)	368,870	335,327
Balance at 31 December 2023 (Restated)	723,002	6,294,092	3,897,767	18,223,203	29,138,064	5,357,035	34,495,099

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000 (Restated) (Note 2.2)
Cash flows from operating activities			
Cash generated from operations	32(a)	**2,662,562**	6,567,123
Interest paid		**(476,745)**	(421,179)
Income taxes paid		**(950,700)**	(840,979)
Net cash generated from operating activities		**1,235,117**	5,304,965
Cash flows from investing activities			
Payments for acquisition of right-of-use assets		**(99,044)**	(248,605)
Receipts of government grants relating to property, plant and equipment		**48,000**	316,000
Payments for purchase of property, plant and equipment		**(4,602,479)**	(8,695,178)
Payments for purchase of intangible assets		**(3,711)**	(11,321)
Proceeds from disposal of property, plant and equipment and early termination of lease	32(c)	**27,642**	11,006
Payment for acquisition of financial asset at fair value through profit or loss		**—**	(50,000)
Advance to investments accounted for using the equity method		**(2,235)**	—
Addition to investment accounted for using the equity method	16	**(672)**	—
Net proceeds from financial assets at fair value through profit or loss		**6,957**	26,330
Interest received		**23,279**	31,066
Decrease/(increase) in restricted cash pledged for letter of guarantees and bank acceptance bills		**935,603**	(945,233)
Restricted cash released from letter of guarantees		**—**	40,505
Increase in fixed bank deposits		**(131,338)**	—
Dividend received from investment accounted for using equity method		**28,794**	106,598
Net cash used in investing activities		**(3,769,204)**	(9,418,832)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000 (Restated) (Note 2.2)
Cash flows from financing activities			
Proceeds from changes in ownership interest in subsidiaries without loss of control		—	450,619
Payment for acquisition of shares of non-controlling interest		(9,045)	(94,440)
Capital contributions from non-controlling interests		—	3,159
Proceeds from exercise of employees' options		26,856	24,302
Proceeds from borrowings		13,493,112	9,045,125
Repayment of borrowings		(11,241,190)	(6,801,690)
Principal element of lease payments	18	(57,590)	(51,351)
Dividend paid to shareholders of the Company		(1,583,830)	(1,418,445)
Dividend paid to non-controlling interests	15	(140,039)	(339,765)
Cash advances from non-controlling interests		578,926	1,156,517
Repayments of amounts due to non-controlling interests		(294,242)	—
Net cash generated from financing activities		772,958	1,974,031
Net decrease in cash and cash equivalents		(1,761,129)	(2,139,836)
Cash and cash equivalents at beginning of year		2,572,275	4,765,981
Effect of foreign exchange rate changes		10,460	(53,870)
Cash and cash equivalents at end of year	25	821,606	2,572,275

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

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.

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company is a limited liability company incorporated in the Cayman Islands. The shares of the Company are listed on The Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in Chinese Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 February 2025.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss ("FVPL"), or other comprehensive income ("FVOCI").

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) Amendments to standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting 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 amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Group. These new and amended standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.2 Change in presentation currency

The consolidated financial statements were presented in Hong Kong Dollars ("HK$") in prior years. Starting from the financial year ended 31 December 2024, the Group has changed its presentation currency for the preparation of its consolidated financial statements from HK$ to RMB. The change in the presentation currency is intended to reflect the fact that most of the business transactions engaged by the Group are settled in RMB and that a significant part of the business presence and the assets of the Group are located in the Mainland China. This enables the shareholders and potential investors of the Company to have a more accurate understanding of the Group's financial performance.

For the purpose of presenting the Group's consolidated financial statements in RMB, the assets and liabilities for the consolidated balance sheet are translated into RMB at the relevant closing rates of exchange at the end of the reporting period. Items in the consolidated statement of comprehensive income and the consolidated statement of cash flows are translated at the average exchange rates for the financial period. The share capital and reserves are translated at historical rates prevailing at the dates of transaction.

The change in the presentation currency have been applied retrospectively with comparative figures restated. The Group presents an additional consolidated balance sheet as at 1 January 2023 due to the change of presentation currency in accordance with HKAS 1 "Presentation of Financial Statements".

2.3 Change in accounting policy

As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings:

"Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification."

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to various types of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates internationally and is exposed to foreign exchange risk primarily arising from RMB, HK$, US dollar ("US$") and Malaysian Ringgit ("MYR"), some of which are not the functional currencies of respective operating subsidiaries within the Group. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations, mainly as a result of translation of trade receivables, cash and cash equivalents and borrowings. Details of the Group's trade receivables, cash and cash equivalents and borrowings are disclosed in Note 22, Note 25 and Note 30.

The Group manages its foreign exchange risks by performing regular reviews when considered necessary. For subsidiaries with functional currency in HK$, they are not subject to significant foreign exchange risk for transactions conducted in US$ given the pegged exchange rate between HK$ and US$.

		At 31 December 2024		At 31 December 2023	
Functional currency	Foreign currency	Hypothetical appreciation/ (depreciation) in foreign exchange rate	Positive/ (negative), (negative)/positive effect on profit after income tax RMB'000	Hypothetical appreciation/ (depreciation) in foreign exchange rate	Positive/ (negative), (negative)/positive effect on profit after income tax RMB'000 (Restated)
RMB	US$	+/- 5%	2,052/(2,052)	+/- 5%	4,787/(4,787)
MYR	US$	+/- 5%	9,765/(9,765)	+/- 5%	12,796/(12,796)
HK$	RMB	+/- 5%	(165,964)/165,964	+/- 5%	(25,927)/25,927

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk is mainly attributable to its cash at bank, fixed bank deposits, restricted cash and borrowings. Except for cash at bank, fixed bank deposits, restricted cash and borrowings with fixed or variable interest, the Group has no other significant interest-bearing assets or liabilities. Borrowings at variable rates expose the Group to cash flow interest rate risk. Other financial assets and liabilities at fixed rates expose the Group to fair value interest rate risk. Details of the Group's cash at bank, fixed bank deposits, restricted cash and borrowings have been disclosed in Note 25 and Note 30 to the consolidated financial statements.

As at 31 December 2024, if interest rates on cash at bank, fixed bank deposits, restricted cash and borrowings had been 25 basis points higher/lower with all other variables held constant, profit after income tax for the year would have been approximately RMB21,228,000 (2023: RMB10,886,000) lower/higher mainly as a result of higher/lower net interest expense being incurred.

(b) Credit risk

The Group's credit risk arises from cash at bank, fixed bank deposits, restricted cash, bills receivables at amortised cost and at FVOCI, trade and other receivables, finance lease receivables, contract assets, amounts due from related companies and amounts due from investments accounted for using the equity method.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The carrying amounts of these balances and the relevant expected credit losses have been recognised in consolidated income statement as follows:

	Carrying amount RMB'000		(Recognition)/reversal of expected credit losses RMB'000	
	2024	2023 (Restated)	**2024**	2023 (Restated)
Trade and other receivables excluding prepayments and other tax receivables	**8,612,043**	7,517,828	**(16,229)**	(7,877)
Bills receivables at amortised cost and at FVOCI (Note 22)	**3,327,599**	3,526,366	**709**	(1,934)
Contract assets (Note 21)	**33,321**	30,529	**32**	38
Finance lease receivables (Note 24)	**179,855**	204,302	**(96)**	37
Amounts due from related companies (Note 36(b))	**887**	10,324	**21**	2
Amounts due from investments accounted for using the equity method (Note 36(b))	**62,421**	—	**—**	686
Cash at bank, fixed bank deposits and restricted cash (Note 25)	**972,419**	3,533,783	**—**	—
Total	**13,188,545**	14,823,132	**(15,563)**	(9,048)

The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) *Credit risk* (Continued)

(i) Risk management

The Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In order to minimise the credit risks, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual receivables to ensure that adequate provision for impairment losses are made for irrecoverable amounts. Depending on the customer's credit worthiness and historical relationship with the Group, the Group may require cash payment before delivery of products, and record such receipts as advances from customers.

The Group grants extended credit terms to customers with overall creditworthiness, as determined by its credit assessment. For customers to whom credit terms are extended, the Group assesses a number of factors to determine whether collection from them is reasonably assured, including past transaction history with them and their creditworthiness. In this regard, the directors consider that the Group's credit risk is significantly reduced.

(ii) Impairment of financial assets

The Group has the following financial assets that are subject to the expected credit loss model:

- cash at bank, fixed bank deposits and restricted cash;
- trade receivables, including sales of solar glass, sales of electricity and provision of engineering, procurement and construction ("EPC") services;
- contract assets;
- finance lease receivables;
- bills receivables at amortised cost and at FVOCI;
- deposits and other receivables;
- amounts due from related companies; and
- amounts due from investments accounted for using the equity method.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Cash at bank, fixed bank deposits and restricted cash

As at 31 December 2024 and 2023, most of the bank deposits are deposited with reputable banks in the PRC and Hong Kong. The credit quality of cash at bank, fixed bank deposits and restricted cash has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past. Therefore, expected credit loss rate of cash at bank, fixed bank deposits and restricted cash are assessed to be close to zero and no provision was made as at 31 December 2024 and 2023.

Trade receivables, bills receivables and contract assets

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables, bills receivables and contract assets.

To measure the expected credit losses, trade receivables, bills receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress. Therefore, contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the loss allowance for its trade receivables and bills receivables at an amount equal to the lifetime expected credit losses. Expected credit losses are estimated by grouping the receivables based on the shared credit risk characteristics and collectively assessed for the likelihood of recovery and applying expected credit loss rates to the respective gross carrying amounts of the receivables. The expected credit loss rates are determined based on the historical credit losses experience and are adjusted to reflect current and forward-looking information on economic indicators, scenarios and the underlying probability weightings. For trade receivables and bills receivables with significant increases in credit risk, they are assessed for impairment allowance individually. The Group has adjusted the historical loss rates based on expected changes in the macroeconomic factors such as Consumer Price Index, Purchasing Managers Index and M2 Money Supply.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) *Credit risk* (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables, bills receivables and contract assets (Continued)

Trade receivables, bills receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period beyond normal operating cycle. Impairment losses on trade receivables, bills receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The majority of bills receivables were issued from banks in the PRC. The credit quality of bills receivables has been assessed by management by reference to external credit ratings. Due to the change of macro-economic condition during the year of 2024, the management reassess the credit condition of the banks.

The Group classifies its trade receivables by nature of sales.

Sales of solar glass

The credit periods of the majority of the trade receivables from sales of solar glass are generally within 90 days and largely comprise amounts receivable from business customers. The trade receivables have been grouped based on shared credit risk characteristics and ageing profiles. The lifetime expected credit loss allowance is measured based on past settlement history and the historical default rates over the expected life of the trade receivables with similar credit risk characteristics adjusted with current and forward-looking information on macroeconomic factors that affects the ability of the customers to settle the receivables. For the trade receivables with significant increases in credit risk, they are assessed for impairment allowance individually. For the remaining balances, they were assessed on a collective basis.

At 31 December 2024	Expected credit loss rate	Gross carrying amounts RMB'000	Loss allowance RMB'000
Provision on individual basis	86.45%	17,742	15,338
Provision on collective basis	0.08%	3,616,965	2,782
		3,634,707	18,120

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) *Credit risk* (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables, bills receivables and contract assets (Continued)

Sales of solar glass (Continued)

At 31 December 2023	Expected credit loss rate	Gross carrying amounts RMB'000 (Restated)	Loss allowance RMB'000 (Restated)
Provision on individual basis	53.23%	6,226	3,314
Provision on collective basis	0.10%	3,152,311	3,265
		3,158,537	6,579

The Group applied a simplified provision matrix to calculate the expected losses as a practical expedient. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Sales of electricity

Trade and tariff adjustment receivables arising from sales of electricity were all due from state-owned enterprises. Receivables from sales of electricity were usually settled on a monthly basis by the state grid companies. For tariff adjustment receivables, they are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance.

The Ministry of Finance does not set out a rigid timetable for the settlement of tariff adjustment receivables. As the collection of tariff adjustment receivables is expected in the normal operating cycle, they are classified as current assets. As at 31 December 2024, the directors have reassessed the historical default rates and the macroeconomic factors. On that basis, the loss allowances of RMB49,575,000 (2023: RMB42,497,000) were recognised for sales of electricity and tariff adjustment receivables amounting to RMB4,958,577,000 (2023: RMB4,239,725,000) with an expected credit loss rate of 1% (2023: 1%).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) *Credit risk* (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables, bills receivables and contract assets (Continued)

Revenue from EPC services

Other service revenue includes construction contracts revenue from EPC services that is normally settled by instalments in accordance with the terms specified in the contracts governing the relevant EPC works. The payment terms of EPC contract are considered on a case-by-case basis and set out in the EPC contract.

Trade receivables and contract assets arising from EPC services were due from third parties. For the trade receivables with significant increases in credit risk, they are assessed for impairment allowance individually. For the remaining balances, they were assessed on a collective basis.

At 31 December 2024	**Expected credit loss rate**	**Gross carrying amounts RMB'000**	**Loss allowance RMB'000**
Provision on collective basis	**11.01%**	**17,726**	**1,951**

At 31 December 2023	Expected credit loss rate	Gross carrying amounts RMB'000 (Restated)	Loss allowance RMB'000 (Restated)
Provision on collective basis	16.59%	21,631	3,589

The Group's sales are made to several major customers and there is some concentration of credit risks. Sales to the top five customers constituted approximately 49% (2023: 54%) of the Group's total sales. They accounted for approximately 53% (2023: 61%) of the gross trade receivables balances as at 31 December 2024.

Finance lease receivables

The Group applies the simplified approach to recognise lifetime expected credit loss for finance lease receivables. Expected credit loss rate of the finance lease receivables is assessed to be 0.90% (2023: 0.79%) and allowance provision of RMB96,000 was provided during the year ended 31 December 2024 (2023: provision of RMB37,000 was reversed).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

The closing loss allowances for trade receivables, contract assets, finance lease receivables and bills receivables at amortised cost of the Group as at 31 December 2024 and 2023 reconcile to the opening loss allowances as follows:

	Trade receivables RMB'000 (Restated)	Contract assets RMB'000 (Restated)	Finance lease receivables RMB'000 (Restated)	Bills receivables at amortised cost RMB'000 (Restated)	Total RMB'000 (Restated)
Loss allowance as at 1 January 2023	45,921	526	1,599	1,752	49,798
Provision/(reversal) of loss allowance recognised in consolidated income statement – net	8,810	(38)	(37)	2,168	10,903
Currency translation differences	(2,066)	(21)	72	—	(2,015)
Loss allowance as at 31 December 2023	52,665	467	1,634	3,920	58,686

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) *Credit risk* (Continued)

(ii) Impairment of financial assets (Continued)

	Trade receivables RMB'000	Contract assets RMB'000	Finance lease receivables RMB'000	Bills receivables at amortised cost RMB'000	Total RMB'000
Loss allowance as at 1 January 2024	52,665	467	1,634	3,920	58,686
Provision/(reversal) of loss allowance recognised in consolidated income statement – net	17,587	(32)	96	(500)	17,151
Receivables written off during the year as uncollectible	(2,053)	—	—	—	(2,053)
Currency translation differences	1,447	—	(93)	—	1,354
Loss allowance as at 31 December 2024	69,646	435	1,637	3,420	75,138

Except for the above impairment losses, loss allowance provision for bills receivables at FVOCI of RMB209,000 has been reversed in consolidated income statement in 2024 (2023: provision of RMB234,000 was reversed).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) *Credit risk* (Continued)

(ii) Impairment of financial assets (Continued)

Other financial assets at amortised costs

Other financial assets at amortised cost include amounts due from other related companies, amounts due from investments accounted for using equity method and other receivables excluding prepayments and other tax receivables.

The Group also considered the forward-looking information on macroeconomic factors including Consumer Price Index and M2 Money Supply.

Provision of credit losses against other financial assets at amortised costs is as follows:

At 31 December 2024	**Average expected credit loss rate**	**Gross carrying amounts RMB'000**	**Loss allowance RMB'000**
Deposits and other receivables (Note 23)	**2.58%**	**72,554**	**1,875**
Amounts due from related companies (Note 36(b))	**0.78%**	**894**	**7**
Amounts due from investments accounted for using the equity method (Note 36(b))	**0.00%**	**62,421**	**—**
	1.39%	**135,869**	**1,882**

At 31 December 2023	Average expected credit loss rate	Gross carrying amounts RMB'000 (Restated)	Loss allowance RMB'000 (Restated)
Deposits and other receivables (Note 23)	2.10%	153,833	3,233
Amounts due from related companies (Note 36(b))	0.27%	10,352	28
	1.99%	164,185	3,261

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other financial assets at amortised costs (Continued)

The Group management considered expected credit losses of amount due from investments accounted for using the equity method is immaterial to financial statements as most of them are dividend receivables.

The closing loss allowance for other financial assets at amortised costs reconciles to the opening loss allowance as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Opening loss allowance	**3,261**	5,416
Reversal of loss allowance recognised in consolidated income statement – net	**(1,379)**	(1,621)
Currency translation differences	—	(534)
Closing loss allowance	**1,882**	3,261

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Group maintains liquidity by a number of means including orderly realisation of short-term financial assets, receivables and certain assets that the Group considers appropriate. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's available cash and other credit lines available. The Group monitors rolling forecasts of its working capital which comprises cash and cash equivalents and borrowing facilities on the basis of expected cash flow.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interests payments computed using contractual rates, or if floating, based on the current rates at the year-end date). Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. The maturity analysis for other borrowings is prepared based on the scheduled repayment dates. Balances due within 12 months approximate their carrying balances as the impact of discounting is not significant.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	On demand or less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2024					
Trade, bills and other payables excluding non-financial liabilities	6,867,353	571,967	—	—	7,439,320
Borrowings	6,451,645	1,017,254	2,489,482	2,761,887	12,720,268
Lease liabilities	52,831	24,104	279,995	1,128,001	1,484,931
Amounts due to related companies	1,852,132	—	—	—	1,852,132
Total	15,223,961	1,613,325	2,769,477	3,889,888	23,496,651

	On demand or less than 1 year RMB'000 (Restated)	Between 1 and 2 years RMB'000 (Restated)	Between 2 and 5 years RMB'000 (Restated)	Over 5 years RMB'000 (Restated)	Total RMB'000 (Restated)
At 31 December 2023					
Trade, bills and other payables excluding non-financial liabilities	7,160,151	621,233	—	—	7,781,384
Borrowings	6,307,837	1,590,658	960,216	845,250	9,703,961
Lease liabilities	81,680	53,765	184,950	1,220,981	1,541,376
Amounts due to related companies	1,505,829	—	—	—	1,505,829
Total	15,055,497	2,265,656	1,145,166	2,066,231	20,532,550

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of equity and borrowings. In order to maintain or adjust the capital structure, the Group will consider the macro-economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generating from operations.

The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce borrowings, and repurchase its own shares when the Company's shares are trading at a discount to the expected net assets value per share, as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents, fixed bank deposits and restricted cash.

The gearing ratios at 31 December 2024 and 2023 were as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Total borrowings (Note 30)	**11,640,054**	9,573,355
Less: Cash and cash equivalents, fixed bank deposits and restricted cash (Note 25)	**(972,533)**	(3,533,894)
Net debt	**10,667,521**	6,039,461
Total equity	**34,407,872**	34,495,099
Gearing ratio	**31.0%**	17.5%

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

(a) Fair value hierarchy

The carrying values of financial instruments measured at fair value at the balance sheet date are categorised among the three levels of the fair value hierarchy defined in HKFRS 13, "Fair value Measurement", with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) *Fair value hierarchy* (Continued)

The following table presents the Group's financial assets that are measured at fair values at 31 December 2024 and 31 December 2023:

	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2024					
Bills receivables at FVOCI	22	—	—	**280,756**	**280,756**
Financial assets at FVPL		—	—	**58,243**	**58,243**
		—	—	**338,999**	**338,999**

	Note	Level 1 RMB'000 (Restated)	Level 2 RMB'000 (Restated)	Level 3 RMB'000 (Restated)	Total RMB'000 (Restated)
At 31 December 2023					
Bills receivables at FVOCI	22	—	—	467,088	467,088
Financial assets at FVPL		—	—	50,847	50,847
		—	—	517,935	517,935

There were no transfers among level 1, 2 and 3 during the year ended 31 December 2024 (2023: nil).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) *Fair value hierarchy* (Continued)

The following table presents the changes in level 3 items for the years ended 31 December 2024 and 31 December 2023:

	Bills receivables at FVOCI RMB'000	Securities private fund product RMB'000	Wealth management products RMB'000	Total RMB'000
Opening balance as at 1 January 2024	467,088	50,847	—	517,935
Acquisitions	7,523,772	—	5,661,480	13,185,252
Disposals/settlement	(7,663,810)	—	(5,668,437)	(13,332,247)
Amounts recognised in profit or loss				
– Fair value change	—	7,396	6,957	14,353
– Expected credit losses	209	—	—	209
Losses on disposal of bills receivables at FVOCI	(46,503)	—	—	(46,503)
Closing balance as at 31 December 2024	280,756	58,243	—	338,999

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

The following table presents the changes in level 3 items for the years ended 31 December 2024 and 31 December 2023: (Continued)

	Bills receivables at FVOCI RMB'000 (Restated)	Securities private fund product RMB'000 (Restated)	Wealth management products RMB'000 (Restated)	Total RMB'000 (Restated)
Opening balance as at 1 January 2023	768,441	—	—	768,441
Acquisitions	10,493,706	50,000	9,366,100	19,909,806
Disposals/settlement	(10,744,034)	—	(9,392,430)	(20,136,464)
Amounts recognised in profit or loss				
– Fair value change	—	847	26,330	27,177
– Expected credit losses	234	—	—	234
Losses on disposal of bills receivables at FVOCI	(51,259)	—	—	(51,259)
Closing balance as at 31 December 2023	467,088	50,847	—	517,935

Save as the forementioned bills receivables at FVOCI and financial asset at FVPL, the Group's financial instruments recognised in the consolidated balance sheets are mainly cash and cash equivalents, fixed bank deposits, restricted cash, trade and other receivables, finance lease receivables, amounts due from related companies, amounts due from investments accounted for using equity method, borrowings and other financial liabilities carried at amortised cost. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivables and payables is either close to current market rates or the instruments are short-term in nature.

During the year ended 31 December 2024, the Group invested in financial assets at FVPL included wealth management products sponsored and managed by banks and a securities private fund product managed by a securities firm. The Group reports its investing cash flows arising from wealth management products and securities private fund product on a gross basis, except for cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(b) *Valuation inputs and relationships to fair value*

Valuation of level 3 instruments for financial reporting purpose is carried out on a case-by-case basis. The Group assesses the fair value of the level 3 instruments 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 31 December 2024 RMB'000	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Bills receivables at FVOCI	280,756	Discounted cash flow method	Discount rate	0.40%-2.15%	The higher the discount rate, the lower the fair value, and vice versa
Financial assets at FVPL – Wealth management products	—	Discounted cash flow method	Expected rate of return	1.05%-2.65%	The higher the Expected rate of return, the higher the fair value, and vice versa
Financial assets at FVPL – Securities private fund product	58,243	Discount cash flow method	Expected rate of return	14.79%	The higher the Expected rate of return, the higher the fair value, and vice versa

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(b) Valuation inputs and relationships to fair value (Continued)

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

Description	Fair value at 31 December 2023 RMB'000 (Restated)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Bills receivables at FVOCI	467,088	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 – Wealth management products	—	Discounted cash flow method	Expected rate of return	1.97%-3.10%	The higher the Expected rate of return, the higher the fair value, and vice versa
Financial assets at FVPL – Securities private fund product	50,847	Discount cash flow method	Expected rate of return	1.69%	The higher the Expected rate of return, the higher the fair value, and vice versa

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Impairment of trade receivables, other receivables and contract assets

The Group makes provision for loss allowance of trade receivables, other receivables and contract assets based on assumptions about risk of default and expected credit loss rate. The Group uses judgement in making these assumptions and selecting the inputs to the loss allowance calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of these assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to changes in market conditions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Current and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes and the timing of the related payments. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax liabilities have not been established for the withholding taxation that would be payable on the undistributed profits of certain subsidiaries which were under certain jurisdictions as the directors consider that the timing of the reversal of related temporary differences can be controlled and that is probable that the temporary differences will not reverse in the foreseeable future (Note 31).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Current and deferred income tax (Continued)

Deferred income tax assets relating to certain temporary differences, tax losses and tax credit are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Investment tax allowance ("ITA") is entitled by a subsidiary of the Group in Malaysia on its qualifying capital expenditure incurred, which can be utilised against its assessable profit. ITA is subject to the fulfilment of certain conditions and the Group has made its best estimate, based on the assumption that it will comply with all the conditions imposed upon the fulfilment deadline for the ITA to be claimed. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the year in which such estimate is changed.

(e) Implicit interest rate in determination of right-of-use assets and lease liabilities

The Group initially measured and recognised right-of-use assets and lease liabilities arising from a lease on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

(f) Impairment provision for inventories

The estimation impairment provision for inventories involves significant management judgement based on consideration of key factors such as aging profile, future sales projection, estimated future selling prices and selling expenses of the respective inventories. Management reassesses these estimation of impairment provision for inventories at each balance sheet date.

(g) Revenue recognition on tariff adjustment

Revenue arising from tariff adjustment represents subsidy received and receivable from the sales of electricity pursuant to the prevailing government policies and is recognised when the Group comply with all the requirements and conditions as required under the prevailing government policies and regulations for entitlement of the tariff adjustment. The tariff adjustment is measured based on the difference between the feed-in-tariff regime and the revenue from sales of electricity. Management exercised judgement when interpreting the relevant prevailing policies and regulations in relation to the determination of tariff adjustment.

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION

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

	2024 RMB'000	2023 RMB'000 (Restated)
Revenue		
Sales of solar glass	18,820,033	21,358,573
Solar farm business		
– Sales of electricity	1,926,702	1,579,713
– Tariff adjustment	1,090,580	1,111,722
	3,017,282	2,691,435
Others		
– Sales of mining products and consumables	56,683	73,540
– Other service income	27,449	40,119
	84,132	113,659
Total revenue	21,921,447	24,163,667
Other income		
Government grants (Note (a))	123,501	226,826
Scrap sales (Note (b))	106,817	68,814
Compensation income from suppliers	13,204	1,934
Insurance compensation income	9,802	2,880
Tariff adjustments for electricity generation from self-used solar power system	3,474	15,904
Others (Note (c))	17,082	20,050
	273,880	336,408

Notes:

(a) Government grants mainly represent grants received from the PRC government in subsidising the Group's certain operating costs and general operations.

(b) Scrap sales were shown in net amount with the other income at RMB221,087,000 (2023: RMB189,067,000) and other expenses at RMB114,270,000 (2023: RMB120,253,000).

(c) It mainly represents rental and other miscellaneous income.

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Accounting policy of revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes.

Revenue is recognised when, or as, the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

In some circumstances, the Group may not be able to reasonably measure the outcome of a performance obligation, but the Group expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Accounting policy of revenue recognition (Continued)

(a) Sales of solar glass

The Group manufactures and sells solar glass. Revenue from sales of solar glass is recognised when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales of solar glass is recognised based on the price specified in the contract. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days, which is consistent with market practice.

Sales return is determined to be the best estimation by the Group, basing on the historical experience in the sales of solar glass and taking into consideration the type of customers, the type of transactions and the specifics of each arrangement. Contract liability for the right to the returned goods is recognised and its carrying amount deducting the cost to collect is recognised in other current assets. No contract liability for the right to the returned goods is recognised as insignificant amount of returns are expected based on previous experience.

Receivable is recognised when control of the products has transferred as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Sales of electricity

Revenue arising from the sales of electricity is recognised at a point in time in the accounting period when electricity is generated and transmitted.

The revenue from sales of electricity is based on the on-grid benchmark tariff rates of local coal-fired power plants, which vary across provinces and can be adjusted by the government of the PRC (the "PRC government"). It is currently settled by state grid companies for the electricity generated by the solar farms on a monthly basis.

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Accounting policy of revenue recognition (Continued)

(c) *Tariff adjustment*

Tariff adjustment represents subsidy received and receivable from the sales of electricity to the customer pursuant to the government policy on subsidies of solar energy in respect of the Group's solar farm business. Tariff adjustment is recognised at a point in time at its fair value to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised from tariff adjustment will not occur if the Group will comply with all the prevailing policies and regulations.

The revenue from tariff adjustment is based on the difference between the feed-in-tariff regime implemented by the PRC government and the revenue from the sales of electricity.

When there is an agreement to modify a contract regarding adjustments to the feed-in-tariff of the sales of electricity, in connection with the contract modification, the Group might provide a partial deduction of the tariff adjustment related to the sales of electricity. The Group should account for the deduction separately, because it is an adjustment to the transaction price of the previously transferred goods. Thus, it should recognise the amount of the deduction immediately as a reduction of revenue.

Tariff adjustment is settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance. The Ministry of Finance does not set out a rigid timetable for the settlement of tariff adjustment. The collection of such tariff adjustment is subjected to the allocation of funds by relevant government authorities to state grid companies, which consequently takes a relatively longer time for settlement. No significant financing component is deemed present as credit terms are granted to customers by reference to their credit risk characteristics, which is consistent with market practices.

(d) *Sales of mining products*

The Group engages in mining activities and sells mining products to customers located in the PRC. Revenue from the sales of mining products is recognised when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Accounting policy of revenue recognition (Continued)

(e) Revenue from construction contracts (EPC services)

The Group determines that revenue from EPC services satisfies the performance obligation over time, for the performance of EPC services creates or enhances an asset that the customer controls as the asset is created or enhanced. The Group recognises revenue over time by reference to the progress towards complete satisfaction of that performance obligation.

The excess of cumulative revenue recognised over the cumulative billings to customers is recognised as contract assets and then transferred to receivables when the rights become unconditional. The excess of cumulative billings to customers over the cumulative revenue recognised is recognised as contract liabilities.

There is no material contract fulfilment cost or cost of obtaining contracts incurred by the Group.

Segment information

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

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

For the year ended 31 December 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 the non-core businesses of the Group such as polysilicon business (which has not yet commenced operations), engineering, procurement and construction services and sales of mining products.

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 consolidated income statement.

Notes to the Consolidated Financial Statements

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

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

	Year ended 31 December 2024					
	Sales of solar glass RMB'000	Solar farm business RMB'000	Other segment RMB'000	Unallocated RMB'000	Inter-segment eliminations RMB'000	Total RMB'000
Segment revenue						
Recognised at a point in time	18,820,033	3,017,282	—	56,683	—	21,893,998
Recognised over time	—	—	—	27,449	—	27,449
Revenue from external customers	18,820,033	3,017,282	—	84,132	—	21,921,447
Cost of sales excluding impairment loss on PPE	(17,002,128)	(986,276)	—	(67,045)	—	(18,055,449)
Gross profit excluding impairment loss on PPE	1,817,905	2,031,006	—	17,087	—	3,865,998
Cost of sales - impairment loss on PPE	(392,858)	—	—	—	—	(392,858)
Gross profit	1,425,047	2,031,006	—	17,087	—	3,473,140
Segment revenue by geographical area						
Mainland China	14,428,432	3,014,389	—	67,659	—	17,510,480
Other areas in Asia	3,287,712	—	—	—	—	3,287,712
North America and Europe	660,717	2,893	—	16,473	—	680,083
Others	443,172	—	—	—	—	443,172
	18,820,033	3,017,282	—	84,132	—	21,921,447

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

	Year ended 31 December 2023 (Restated)					
	Sales of solar glass RMB'000	Solar farm business RMB'000	Other segment RMB'000	Unallocated RMB'000	Inter-segment eliminations RMB'000	Total RMB'000
Segment revenue						
Recognised at a point in time	21,358,573	2,691,435	—	73,540	—	24,123,548
Recognised over time	—	—	—	40,119	—	40,119
Revenue from external customers	21,358,573	2,691,435	—	113,659	—	24,163,667
Cost of sales	(16,754,258)	(848,443)	—	(94,801)	—	(17,697,502)
Gross profit	4,604,315	1,842,992	—	18,858	—	6,466,165
Segment revenue by geographical area						
Mainland China	16,441,174	2,688,149	—	84,413	—	19,213,736
Other areas in Asia	4,080,621	—	—	—	—	4,080,621
North America and Europe	820,371	3,286	—	29,246	—	852,903
Others	16,407	—	—	—	—	16,407
	21,358,573	2,691,435	—	113,659	—	24,163,667

Notes to the Consolidated Financial Statements

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

	Other segment information					
	Sales of solar glass RMB'000	Solar farm business RMB'000	Other segment RMB'000	Unallocated RMB'000	Inter-segment eliminations RMB'000	Total RMB'000
Year ended 31 December 2024						
Depreciation charge of property, plant and equipment	1,173,594	752,701	1,287	4,686	—	1,932,268
Depreciation charge of right-of-use assets	36,722	50,044	3,025	751	—	90,542
Amortisation charge of intangible assets	1,245	—	—	1,353	—	2,598
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	3,519,422	1,368,482	479,384	104,353	—	5,471,641

	Other segment information					
	Sales of solar glass RMB'000	Solar farm business RMB'000	Other segment RMB'000	Unallocated RMB'000	Inter-segment eliminations RMB'000	Total RMB'000
Year ended 31 December 2023 (Restated)						
Depreciation charge of property, plant and equipment	926,103	638,443	1,894	3,473	—	1,569,913
Depreciation charge of right-of-use assets	27,168	53,582	15	1,232	—	81,997
Amortisation charge of intangible assets	660	—	—	1,352	—	2,012
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	4,341,826	3,172,925	3,221,668	40,781	—	10,777,200

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

	Assets and liabilities					
	Sales of solar glass RMB'000	Solar farm business RMB'000	Other segment RMB'000	Unallocated RMB'000	Inter-segment eliminations RMB'000	Total RMB'000
At 31 December 2024						
Total assets	**30,540,711**	**24,114,283**	**4,851,759**	**3,750,897**	**(6,325,166)**	**56,932,484**
Total liabilities	**11,709,199**	**8,180,249**	**4,643,145**	**4,317,185**	**(6,325,166)**	**22,524,612**

	Assets and liabilities					
	Sales of solar glass RMB'000	Solar farm business RMB'000	Other segment RMB'000	Unallocated RMB'000	Inter-segment eliminations RMB'000	Total RMB'000
At 31 December 2023 (Restated)						
Total assets	29,504,630	22,895,673	5,336,384	2,341,928	(5,006,770)	55,071,845
Total liabilities	8,854,640	9,773,443	4,810,630	2,144,803	(5,006,770)	20,576,746

Notes to the Consolidated Financial Statements

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

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

	Assets		Liabilities	
	2024 RMB'000	2023 RMB'000 (Restated)	2024 RMB'000	2023 RMB'000 (Restated)
Segment assets/(liabilities)	59,506,753	57,736,687	(24,532,593)	(23,438,713)
Unallocated items:				
Property, plant and equipment	169,591	60,811	—	—
Right-of-use assets	43,841	45,497	—	—
Intangible assets	6,566	7,918	—	—
Prepayments for land use rights and property, plant and equipment	21,517	23,276	—	—
Finance lease receivables	179,855	204,302	—	—
Investments accounted for using the equity method	244,454	313,737	—	—
Inventories	21,224	8,008	—	—
Trade and bills receivables	25,949	9,632	—	—
Prepayments, deposits and other receivables	26,088	25,425	—	—
Contract assets	10,028	7,236	—	—
Amounts due from related companies	2,978,720	1,596,898	—	—
Restricted cash	2,072	—	—	—
Cash and cash equivalents	13,564	26,849	—	—
Deferred income tax assets	7,183	12,339	—	—
Current income tax assets	245	—	—	—
Trade, bills and other payables	—	—	(97,707)	(109,027)
Contract liabilities	—	—	(5,587)	(7,287)
Current income tax liabilities	—	—	(287)	(2,589)
Lease liabilities	—	—	(2,247)	(2,447)
Amounts due to related companies	—	—	(478,833)	(141,567)
Deferred income tax liabilities	—	—	(11,366)	(13,913)
Borrowings	—	—	(3,721,158)	(1,867,973)
Inter-segment eliminations	(6,325,166)	(5,006,770)	6,325,166	5,006,770
Total assets/(liabilities)	56,932,484	55,071,845	(22,524,612)	(20,576,746)

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

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

	2024 RMB'000	2023 RMB'000 (Restated)
Segment gross profit	**3,456,053**	6,447,307
Unallocated gross profit	**17,087**	18,858
Total gross profit	**3,473,140**	6,466,165
Other unallocated items:		
Other income	**273,880**	336,408
Other losses – net	**(258,434)**	(208,235)
Selling and marketing expenses	**(126,963)**	(96,868)
Administrative and other operating expenses	**(1,019,345)**	(1,091,469)
Net impairment losses on financial and contract assets	**(15,563)**	(9,048)
Finance income	**23,279**	31,066
Finance costs	**(432,107)**	(348,697)
Share of net profit of investments accounted for using the equity method	**17,411**	25,527
Profit before income tax	**1,935,298**	5,104,849

An analysis of the Group's revenue by segment of its customers is as follows:

Revenue of approximately RMB3,104,941,000 (2023: RMB4,084,980,000) and RMB2,639,389,000 (2023: RMB3,611,359,000) were derived from customer A and customer B from solar glass business respectively, which separately accounted for more than 10% of the Group's revenue for the years ended 31 December 2024 and 2023.

5 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

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

	2024 RMB'000	2023 RMB'000 (Restated)
The PRC	**36,098,935**	34,880,083
Others	**2,933,957**	1,789,156
	39,032,892	36,669,239

6 OTHER LOSSES – NET

	2024 RMB'000	2023 RMB'000 (Restated)
Net fair value gains on financial assets at FVPL	**14,353**	27,177
Foreign exchange losses, net (Note)	**(212,997)**	(156,146)
Losses on disposal of bills receivables at FVOCI	**(46,503)**	(51,259)
Losses on disposal of property, plant and equipment and early termination of lease, net	**(13,434)**	(28,007)
Others	**147**	—
	(258,434)	(208,235)

Note:

During the year ended 31 December 2024, foreign exchange losses, net included foreign exchange losses of RMB240,211,000 (2023: RMB153,556,000) reclassified from exchange reserve upon termination of RMB-denominated capital loan between group companies.

7 EXPENSES BY NATURE

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

	2024 RMB'000	2023 RMB'000 (Restated)
Auditors' remuneration - audit services	3,280	3,411
Amortisation charge of intangible assets (Note 19)	2,598	2,012
Depreciation charge of property, plant and equipment (Note 17)	1,932,268	1,569,913
Depreciation charge of right-of-use assets (Note 18)	90,542	81,997
Employee benefit expenses (including directors' emoluments) (Note 8)	1,279,812	1,054,669
Cost of inventories (Note 20)	13,782,576	14,303,445
Other direct operating costs of solar farm	97,944	78,955
Construction contracts costs	13,047	24,509
Net impairment losses on inventories (Note (i))	159,330	1,407
Impairment losses on property, plant and equipment (Note (ii))	392,858	—
Losses from production suspension	15,805	—
Payments in relation to short term leases of land and buildings	3,401	5,507
Transportation costs	766,932	653,320
Research and development expenditures	635,635	696,319
Tax and levies	165,845	174,716
Other expenses	252,742	235,659
	19,594,615	18,885,839

Note:

(i) Due to the supply-demand imbalance, the price of solar glass declined sharply in 2024, especially in the second half of the year. As a result, the Group recognised a provision for the write-down of inventories — comprising raw materials, work in progress, and finished goods — totalling RMB162,428,000 (2023: RMB4,702,000) at the end of 2024. This provision was made based on the lower of the cost of and net realisable value of the inventories. Taking into account the reversal of inventory write-down of RMB3,098,000 (2023: RMB3,295,000), the net impairment losses on inventories recognised in the consolidated income statement for the year ended 31 December 2024 amounted to RMB159,330,000 (2023: RMB1,407,000).

(ii) To manage inventory levels more effectively amid the supply-demand imbalance in the solar glass market, certain production facilities within the Group's solar glass segment have ceased operations ahead of their expected useful lives or scheduled maintenance dates. These facilities are pending repairs, refurbishment, and replacement, with minimal recoverable amounts. Accordingly, impairment losses of RMB392,858,000 (2023: nil) were recognised for the year ended 31 December 2024 in respect of these impaired assets.

Notes to the Consolidated Financial Statements

8 EMPLOYEE BENEFIT EXPENSES

	2024 RMB'000	2023 RMB'000 (Restated)
Wages and salaries	**1,134,658**	901,258
Retirement benefit - defined contribution plans	**140,824**	106,601
Share options granted to employees	**4,330**	46,810
	1,279,812	1,054,669

The Group participates in a Mandatory Provident Fund scheme (the "MPF scheme") in accordance with the Mandatory Provident Fund Scheme Ordinance of Hong Kong. These plans are funded by contributions from employees and by the Group and the Group's contributions to the plans are expensed as incurred. No forfeited contribution is available to reduce the contribution payable in future year. The assets are held separately from those of the Group and managed by related independent professional fund managers.

The Group's subsidiaries in the PRC and Malaysia also participate in defined contribution retirement schemes covering its employees in the PRC and Malaysia. The schemes are administered by the relevant government authorities in the PRC and Malaysia. The Group and the eligible employees are required to make contributions based on certain percentages of the applicable payroll costs as stipulated under the requirements in the relevant countries. The subsidiaries there have no other legal or constructive obligation apart from the required contributions under the scheme.

During the year ended 31 December 2024, no forfeited contributions were utilised by the Group to reduce its contribution for the current year (2023: nil). As at 31 December 2024, no forfeited contribution was available to reduce the contribution payable in future years.

8 EMPLOYEE BENEFIT EXPENSES (Continued)

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include four (2023: three) directors whose emoluments are reflected in the analysis shown in Note 9. The emoluments payable to the remaining one (2023: two) individual during the year are as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Basic salaries, bonus, other allowances and benefits	6,027	13,832
Retirement benefits - defined contribution scheme	17	31
Share options granted	—	5,606
	6,044	19,469

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands		
HK$3,000,001 –HK$4,000,000	—	—
HK$6,000,001 – HK$7,000,000	1	—
HK$7,500,001 – HK$8,000,000	—	1
HK$13,000,001 – HK$13,500,000	—	1
	1	2

Notes to the Consolidated Financial Statements

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director is set out below:

For the year ended 31 December 2024:

Name of directors (Note (i))	Fees RMB'000	Salary RMB'000	Discretionary bonuses (Note (ii)) RMB'000	Allowances and benefits in kind (Note (iii)) RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking RMB'000	Total RMB'000
LEE Yin Yee	—	—	—	—	—	—	—
TUNG Ching Sai	—	—	—	—	—	—	—
LEE Yau Ching	277	—	3,733	—	5	427	4,442
LI Man Yin	277	—	1,486	—	—	1,635	3,398
LEE Shing Put	277	—	7,378	—	12	3,361	11,028
CHU Charn Fai	277	—	1,450	—	16	1,600	3,343
LO Wan Sing, Vincent	277	—	—	—	—	—	277
KAN E-ting, Martin	277	—	—	—	—	—	277
LEONG Chong Peng	277	—	—	—	—	—	277
Total	1,939	—	14,047	—	33	7,023	23,042

9 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of every director is set out below: (Continued)

For the year ended 31 December 2023:

Name of directors (Note (i))	Fees RMB'000 (Restated)	Salary RMB'000 (Restated)	Discretionary bonuses (Note (ii)) RMB'000 (Restated)	Allowances and benefits in kind (Note (iii)) RMB'000 (Restated)	Employer's contribution to a retirement benefit scheme RMB'000 (Restated)	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking RMB'000 (Restated)	Total RMB'000 (Restated)
LEE Yin Yee	—	—	—	—	—	—	—
TUNG Ching Sai	—	—	—	—	—	—	—
LEE Yau Ching	249	—	18,554	—	16	2,439	21,258
LI Man Yin	249	—	2,968	—	—	1,592	4,809
CHU Charn Fai (Note (iv))	154	—	1,255	—	9	1,404	2,822
LEE Shing Put	249	—	906	—	—	695	1,850
CHEN Xi (Note (iv))	113	—	—	21	—	945	1,079
LO Wan Sing, Vincent	249	—	—	—	—	—	249
KAN E-ting, Martin	249	—	—	—	—	—	249
LEONG Chong Peng	249	—	—	—	—	—	249
Total	1,761	—	23,683	21	25	7,075	32,565

9 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of every director is set out below: (Continued)

Notes:

(i) The remuneration shown above represents remuneration received/receivable from the Group by these directors in their capacity as employees to the Group.

(ii) The discretionary bonus is determined with reference to the operating results of the Group, individual performance and comparable market statistics during the respective years.

(iii) The allowances and benefits in kind include housing allowances and estimated money value of share options.

(iv) On 2 June 2023, Mr. CHU Charn Fai was appointed as an executive Director and approved by the shareholders at the AGM. In addition to the remuneration disclosed above, Mr. CHU also received remuneration including salaries, bonus and share option benefits amounted to RMB1,270,000 for services rendered by him as Financial Controller and Company Secretary during the year ended 31 December 2023 and before his appointment as an Executive Director.

On 2 June 2023, Mr. CHEN Xi retired as executive Director and approved by the shareholders at the AGM.

(v) Dr. LEE Yin Yee, S.B.S. and Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.* waived emoluments of RMB277,000 (2023: RMB249,000) and RMB277,000 (2023: RMB249,000) respectively for the year. Except these, no directors waived or agreed to waive any emoluments for the years ended 31 December 2024 and 2023. No incentive payment for joining the Group or compensation for loss of office was paid or payable to any directors during the years ended 31 December 2024 and 2023.

(vi) 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, B.B.S., the executive Director and Vice Chairman of the Company, was appointed as the Chief Executive Officer of the Company. The remuneration disclosed above include those for services rendered by Mr. LEE Shing Put, B.B.S. and Mr. LEE Yau Ching, respectively as the Chief Executive Officer.

(vii) During the year ended 31 December 2024, none of the directors of the Company received any salary (2023: same).

(viii) Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertaking is RMB1,939,000 (2023: RMB1,761,000).

(ix) Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking is RMB21,103,000 (2023: RMB30,804,000).

9 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(b) Directors' termination benefits

None of the directors of the Company received termination benefits during the year ended 31 December 2024 (2023: same).

(c) Consideration provided to third parties for making available directors' services

No consideration was provided by the Group to third party for making available services of directors during the year ended 31 December 2024 (2023: same).

(d) Directors' loans, quasi-loans and other dealings

There is no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2024 (2023: same).

(e) Directors' material interests in transactions, arrangements or contracts

Except for those transactions disclosed in Note 36, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: same).

10 FINANCE INCOME AND COSTS

	2024 RMB'000	2023 RMB'000 (Restated)
Finance income		
Interest income from bank deposits	23,279	31,066
Finance costs		
Interest for lease liabilities (Note 18)	60,096	60,974
Interest on borrowings	447,496	403,429
	507,592	464,403
Less: Amounts capitalised on qualifying assets (Note 17)	(75,485)	(115,706)
	432,107	348,697

Notes to the Consolidated Financial Statements

11 INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000 (Restated)
Current income tax		
– PRC corporate income tax ("CIT") (Note (iii))	**453,155**	735,657
– Overseas income tax (Note (iv))	**7,724**	73,745
– PRC withholding tax	**84,457**	2,747
– Underprovision/(overprovision) in prior years	**39,729**	(19,815)
	585,065	792,334
Deferred income tax (Note (iv), Note 31)	**(58,838)**	4,837
Income tax expense	**526,227**	797,171

Notes:

(i) 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.

(ii) Hong Kong profits tax has been provided at the two-tiered rate of 8.25% for the first HK$2 million of the estimated assessable profits for one of the Group's subsidiaries in Hong Kong and 16.5% on the remaining estimated assessable profits for the year (2023: same).

(iii) The applicable CIT rate for the Group's subsidiaries in the PRC is 25% except that:

– As at 31 December 2024, three subsidiaries engaging in solar glass business (2023: three) and a subsidiary engaging in solar farm business (2023: one) are qualified as "High and New Technology Enterprise" and can enjoy a preferential CIT rate of 15% (2023: 15%).

– As at 31 December 2024, two subsidiaries engaging in solar glass business (2023: two), a subsidiary engaging in solar farm business (2023: one), a subsidiary engaging in mining products business (2023: one) and a subsidiary engaging in silicon products business (2023: one) (together as "Encouraged Subsidiaries") 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 rate 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%).

11 INCOME TAX EXPENSE (Continued)

Notes: (Continued)

(iv) Taxation on overseas profits mainly include Malaysia income tax which has been calculated on the estimated assessable profits for the year at the standard Malaysia corporate income tax rates of 24% (2023: 24%). The Group's subsidiary in Malaysia is entitled to Investment Tax Allowance ("ITA") on qualifying capital expenditures incurred during the eligible period, which can be offset against its assessable profits, subject to the fulfilment of certain specified conditions ("ITA Conditions"). Since all ITA conditions have been satisfied during the year ended 31 December 2024, a deferred tax asset of RMB30,628,000 (2023: nil) has been recognised to the extent that future taxable profits are available to utilise the ITA.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Profit before income tax	**1,935,298**	5,104,849
Tax calculated at the statutory tax rates applicable to the jurisdictions concerned	**573,910**	1,355,680
Tax impact on share of net profit of investments accounted for using the equity method	**(2,888)**	(6,647)
Preferential tax rates on income of certain PRC subsidiaries	**(206,916)**	(490,424)
Income not subject to tax	**(6,027)**	(8,081)
Effect of additional tax deduction enacted by tax authorities (Note)	**(25,660)**	(57,553)
Expenses not deductible for tax purposes	**54,622**	21,264
PRC withholding Tax	**99,457**	2,747
Adjustments for current tax of prior periods	**39,729**	(19,815)
Income tax expense	**526,227**	797,171

Note:

Additional tax deduction mainly represents research and development tax credit. Companies within the group are entitled to claim special tax deductions for investments in qualifying expenditure under the Research and Development Tax Incentive regime. The Group accounts for these allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

12 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 year.

	2024	2023 (Restated)
Profit attributable to equity holders of the Company (RMB'000)	1,008,233	3,842,756
Weighted average number of shares in issue (thousands)	8,944,137	8,901,738
Basic earnings per share (RMB cents)	11.27	43.17

(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.

	2024	2023 (Restated)
Profit attributable to equity holders of the Company (RMB'000)	1,008,233	3,842,756
Weighted average number of ordinary shares in issue (thousands)	8,944,137	8,901,738
Adjustment for share options (thousands)	—	1,954
	8,944,137	8,903,692
Diluted earnings per share (RMB cents)	11.27	43.16

Note: Share options granted by a subsidiary of the Group, Xinyi Energy Holdings Limited ("Xinyi Energy") during the year ended 31 December 2024 and 2023 has no dilution impact on earnings per share.

13 DIVIDENDS

	2024 RMB'000	2023 RMB'000 (Restated)
Interim dividend of 10.0 HK cents (2023: 7.5 HK cents) per share (Note (a))	**827,585**	612,053
Final dividend of 15.0 HK cents for 2023 (Note (b))	**—**	1,237,183

Notes:

(a) An interim dividend for the six months ended 30 June 2024 of 10.0 HK cents (2023: 7.5 HK cents) per share was partially paid in cash and partially settled by shares in respect of scrip dividend to shareholders whose names appeared on the Register of Members of the Company on 19 August 2024 (2023: 17 August 2023).

(b) The Board of Directors resolved not to recommend the payment of final dividend for the year ended 31 December 2024 (2023: 15.0 HK cents per share, amounting to a total dividend of HK$1,336,484,000, equivalent to RMB1,237,183,000).

14 SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2024 are as follows:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interest (%)
Xinyi Solar (Hong Kong) Limited	Hong Kong, limited liability company	Investment holding and trading of solar glass products	200 ordinary shares of HK$1 each	100.00%	—
Xinyi PV Products (Anhui) Holdings Limited	The PRC, limited liability company	Manufacturing of solar glass in the PRC	Registered and paid-up capital of US$438,000,000	100.00%	—
Xinyi Solar (Malaysia) Sdn Bhd	Malaysia, limited liability company	Manufacturing of solar glass in Malaysia	Authorised and paid-up capital of 20,000,000 ordinary shares of MYR1 each	100.00%	—

14 SUBSIDIARIES (Continued)

Details of the principal subsidiaries at 31 December 2024 are as follows: (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interest (%)
Xinyi Energy (Note (a))	The British Virgin Islands, limited liability company	Investment holding	8,376,653,757 ordinary shares of HK$0.01 each	51.62%	48.38%
Xinyi PV Products (Guangxi) Limited	The PRC, limited liability company	Manufacturing of solar glass in the PRC	Registered and paid-up capital of US$38,000,000	100.00%	—
Xinyi Solar (Suzhou) Limited	The PRC, limited liability company	Manufacturing of solar glass in the PRC	Registered and paid-up capital of US$300,000,000	100.00%	—
Xinyi PV Glass Holdings (Anhui) Limited	The PRC, limited liability company	Trading of solar glass products	Registered and paid-up capital of RMB100,000,000	100.00%	—
Lu'an Xinyi Renewable Energy Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of RMB300,000,000	51.62%	48.38%
Hong'an Xinyi Renewable Energy Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of US$35,000,000	51.62%	48.38%
Xinyi Solar (Wuhu) Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of US$35,000,000	51.62%	48.38%
Xinyi Renewable Energy (Bozhou) Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of US$35,000,000	51.62%	48.38%

14 SUBSIDIARIES (Continued)

Details of the principal subsidiaries at 31 December 2024 are as follows: (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interest (%)
Xinyi Solar (Tianjin) Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of US$48,000,000	51.62%	48.38%
Xinyi Solar (Shouxian) Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of RMB215,000,000	51.62%	48.38%
Xinyi Solar (Xiaochang) Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of US$32,700,000	51.62%	48.38%
Xinyi Solar (Suiping) Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of RMB210,000,000	51.62%	48.38%
Xinyi Renewable Energy (Shouxian) Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of US$35,000,000	51.62%	48.38%
Polaron Solartech Corporation (Note (a))	Canada, limited liability company	Provision of solar power systems in Canada	353,000 common shares	60.00%	40.00%
Xinyi Silicon (Yunnan) Limited (Note (a))	The PRC, limited liability company	Manufacturing of silicon in the PRC	Registered capital of US$313,000,000 and paid-up capital of US$113,515,277.78	52.00%	48.00%

14 SUBSIDIARIES (Continued)

Details of the principal subsidiaries at 31 December 2024 are as follows: (Continued)

Note:

(a) The Company indirectly holds the equity interest in these companies through layers of holding structures and has control over the board of directors of these companies who can make majority votes to decide the key financial and operating decisions of these companies. The proportion of equity interests as disclosed above represent the effective equity interests attributable to the Group.

(b) All subsidiaries listed in the above table are indirectly held by the Company.

(c) The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

15 MATERIAL NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2024 is RMB5,356,082,000 (2023: RMB5,357,035,000), of which RMB5,266,895,000 (2023: RMB5,209,720,000) is attributable to Xinyi Energy Group.

Significant restrictions

As at 31 December 2024, funds of Xinyi Energy Group amounting to RMB334,172,000 (2023: RMB534,624,000) and RMB2,022,000 (2023: Nil) were deposited in bank accounts opened with banks in the PRC and Malaysia respectively where the remittance of funds is subject to foreign exchange control. The remaining funds of RMB21,044,000 (2023: RMB64,139,000) as at 31 December 2024 were deposited in reputable banks in Hong Kong.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information of Xinyi Energy Group which has non-controlling interests that are material to the Group. See Note (a) below for transactions with non-controlling interests.

15 MATERIAL NON-CONTROLLING INTERESTS (Continued)

Summarised balance sheet

	2024 RMB'000	2023 RMB'000 (Restated)
Current		
Assets	4,941,122	4,516,768
Liabilities	(3,176,499)	(3,811,505)
Total current net assets	1,764,623	705,263
Non-current		
Assets	16,523,826	14,700,584
Liabilities	(5,774,622)	(3,261,976)
Total non-current net assets	10,749,204	11,438,608
Net assets	12,513,827	12,143,871

Summarised income statement and other comprehensive income

	2024 RMB'000	2023 RMB'000 (Restated)
Revenue	2,440,447	2,280,821
Profit before income tax	1,183,078	1,189,787
Income tax expense	(374,036)	(278,424)
Profit after income tax	809,042	911,363
Other comprehensive loss	(138,335)	(117,420)
Total comprehensive income for the year	670,707	793,943
Profit allocated to non-controlling interests	400,083	440,488
Dividends paid to non-controlling interests	140,039	339,765

15 MATERIAL NON-CONTROLLING INTERESTS (Continued)

Summarised cash flow statement

	2024 RMB'000	2023 RMB'000 (Restated)
Net cash generated from operating activities	956,244	675,532
Net cash used in investing activities	(2,295,979)	(2,349,890)
Net cash generated from financing activities	1,104,891	658,534
Net decrease in cash and cash equivalents	(234,844)	(1,015,824)

The above information represent the amounts before intercompany eliminations.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of material non-controlling interests.

	2024 RMB'000	2023 RMB'000 (Restated)
Net assets at 1 January	12,143,871	10,554,769
Total comprehensive income for the year	670,707	793,943
Employees' share option scheme	(440)	2,207
Issuance of shares upon rights issue	—	1,474,471
Issuance of shares in respect of scrip dividend	85,205	122,910
Dividend		
– 2023 and 2022 final dividend	(198,721)	(548,597)
– 2024 and 2023 interim dividend	(177,750)	(255,832)
Acquisition of additional interest in a subsidiary	(9,045)	—
Net assets at 31 December	12,513,827	12,143,871
Non-controlling interests	48.38%	48.40%
Carrying value before elimination of unrealised profit	6,054,190	5,877,634
Elimination of the fair value adjustment attributable to non-controlling interests	(787,295)	(667,914)
Carrying value	5,266,895	5,209,720

15 MATERIAL NON-CONTROLLING INTERESTS (Continued)

(a) Transactions with non-controlling interests

Change of equity interest in Xinyi Energy

The table below sets forth the cash dividends and scrip shares received by Xinyi Power (BVI) Limited ("Xinyi Power"), a wholly-owned subsidiary of the Company, in relation to the final dividend distribution for the year ended 31 December 2023 and interim dividend distribution for the six months ended 30 June 2024 by Xinyi Energy ("XYE Dividend Settlement"). As a result of the XYE Dividend Settlement, the Company's indirect interest in Xinyi Energy increased from 51.60% to 51.62% during the year ended 31 December 2024.

	Xinyi Power	Other shareholders of Xinyi Energy	Total
Cash received (RMB'000)			
– Final dividend for the year ended 31 December 2023	102,542	90,011	192,553
– Interim dividend for the six months ended 30 June 2024	45,825	50,028	95,853
Scrip shares received ('000)			
– Final dividend for the year ended 31 December 2023	—	6,346	6,346
– Interim dividend for the six months ended 30 June 2024	63,630	50,089	113,719

Disposal of Solar Farms to Xinyi Energy

During the year ended 31 December 2024, the Group completed the disposal of the below solar farm projects to Xinyi Energy ("Solar Farm Disposal"). The disposals were made pursuant to the terms and conditions of the Solar Farm Agreement dated 5 December 2018 entered into between the Company and Xinyi Energy and in accordance with the business delineation between Xinyi Solar as a solar farm developer and Xinyi Energy as a solar farm operator.

Date of disposal	Company	% of equity interest held: Before disposal	% of equity interest held: Immediately after disposal	Cash consideration RMB million	Approved grid-connected capacity MW
June 2024	Xinchuang Renewable Energy (Lianjiang) Limited	100%	51.60%	140.5	200
September 2024	Xinyun Solar (Qujing) Limited	100%	51.56%	468.6	560
December 2024	Wuhu Xinzhi Renewable Energy Limited	100%	51.62%	67.3	100

Notes to the Consolidated Financial Statements

15 MATERIAL NON-CONTROLLING INTERESTS (Continued)

(a) Transactions with non-controlling interests (Continued)

Disposal of Solar Farms to Xinyi Energy (Continued)

The effect of the above transactions with non-controlling interests on the equity attributable to equity holders of the Company during the year ended 31 December 2024 is summarised as follows:

	XYE Dividend Settlement RMB'000	Solar Farm Disposal RMB'000	Total RMB'000
Increase in equity attributable to equity holders of the Company	1,938	140,682	142,620
Decrease in non-controlling interests	(1,938)	(177,900)	(179,838)
Decrease in total equity	—	(37,218)	(37,218)

The Group had certain transactions with non-controlling interests during the year ended 31 December 2023, further information on which is set forth in the annual report of the Company dated 28 February 2024.

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2024 RMB'000	2023 RMB'000 (Restated)
At 1 January	**313,737**	305,156
Capital injection	**672**	—
Dividend received and receivable	**(88,980)**	(18,000)
Share of net profits	**17,411**	25,527
Currency translation differences	**1,615**	1,054
At 31 December	**244,455**	313,737

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

The equity interests in the investments listed below are held by the Group at 31 December 2024 and 2023.

Name of entity	Place of business/ incorporation	Principal activities	% of ownership interest	Measurement method
Xinyi Solar (Lu'an) Company Limited ("Xinyi Solar (Lu'an)")	Anhui Province, the PRC	Management and operation of solar farm	50%	Equity accounting
Parkland Renewable Energy Sdn. Bhd. ("Parkland Renewable")	Malaysia	Management and operation of solar farms	40%	Equity accounting
Ultimate Luck Global Limited ("Ultimate Luck Global")	British Virgin Islands	Investment holding	40%	Equity accounting
Cheer Wise Investments Limited ("Cheer Wise")	Hong Kong	Property and car parks holding	40%	Equity accounting

Xinyi Solar (Lu'an), Parkland Renewable, Ultimate Luck Global and Cheer Wise are private companies and there is no quoted market price available for their shares.

As at 31 December 2024 and 2023, there are no contingent liabilities relating to the Group's interest in Xinyi Solar (Lu'an), Parkland Renewable, Ultimate Luck Global and Cheer Wise.

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17 PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Solar Farms RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023 (Restated)							
Cost	329,678	1,815,468	8,980,816	15,263,239	28,908	3,628,754	30,046,863
Accumulated depreciation	—	(249,729)	(2,461,659)	(2,770,072)	(11,238)	—	(5,492,698)
Net book amount	329,678	1,565,739	6,519,157	12,493,167	17,670	3,628,754	24,554,165
Year ended 31 December 2023 (Restated)							
Opening net book amount	329,678	1,565,739	6,519,157	12,493,167	17,670	3,628,754	24,554,165
Additions	7,483	29,609	78,080	60,864	8,661	10,389,449	10,574,146
Transfers	—	853,846	2,720,263	3,278,817	1,706	(6,854,632)	—
Government grants netted off	—	—	(186,000)	—	—	—	(186,000)
Disposals	—	—	(40,094)	(909)	(229)	—	(41,232)
Depreciation charge	—	(70,742)	(883,341)	(615,141)	(3,516)	—	(1,572,740)
Currency translation differences	(7,647)	(7,748)	(2,407)	2,910	15	(2,791)	(17,668)
Closing net book amount	329,514	2,370,704	8,205,658	15,219,708	24,307	7,160,780	33,310,671
At 31 December 2023 (Restated)							
Cost	329,514	2,691,528	11,491,296	18,646,179	39,910	7,160,780	40,359,207
Accumulated depreciation	—	(320,824)	(3,285,638)	(3,426,471)	(15,603)	—	(7,048,536)
Net book amount	329,514	2,370,704	8,205,658	15,219,708	24,307	7,160,780	33,310,671

17 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold land RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Solar Farms RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024							
Cost	329,514	2,691,528	11,491,296	18,646,179	39,910	7,160,780	40,359,207
Accumulated depreciation	—	(320,824)	(3,285,638)	(3,426,471)	(15,603)	—	(7,048,536)
Net book amount	329,514	2,370,704	8,205,658	15,219,708	24,307	7,160,780	33,310,671
Year ended 31 December 2024							
Opening net book amount	329,514	2,370,704	8,205,658	15,219,708	24,307	7,160,780	33,310,671
Additions	17,683	22,866	202,150	13,411	8,371	5,058,061	5,322,542
Transfers	—	1,222,691	3,042,084	1,842,009	7,666	(6,114,450)	—
Government grants netted off	—	—	(48,000)	—	—	—	(48,000)
Disposals	—	(2,889)	(29,855)	(9,066)	(19)		(41,829)
Depreciation charge	—	(94,441)	(1,246,755)	(749,408)	(4,570)	—	(2,095,174)
Currency translation differences	19,482	16,790	59,048	2,515	11	14,587	112,433
Impairment losses (Note 7 (ii))	—	—	(392,858)	—	—	—	(392,858)
Closing net book amount	366,679	3,535,721	9,791,472	16,319,169	35,766	6,118,978	36,167,785
At 31 December 2024							
Cost	366,679	3,954,658	14,682,531	20,492,766	55,846	6,118,978	45,671,458
Accumulated depreciation and impairment	—	(418,937)	(4,891,059)	(4,173,597)	(20,080)	—	(9,503,673)
Net book amount	366,679	3,535,721	9,791,472	16,319,169	35,766	6,118,978	36,167,785

17 PROPERTY, PLANT AND EQUIPMENT (Continued)

	2024 RMB'000	2023 RMB'000 (Restated)
Depreciation charged in consolidated income statement:		
– Cost of sales	**1,905,097**	1,547,369
– Administrative and other operating expenses	**27,171**	22,544
	1,932,268	1,569,913
Depreciation charges capitalised in inventories as at 31 December	**197,435**	34,529
Depreciation of right-of-use assets capitalised in construction in progress (Note 18)	**9,578**	9,305

During the year ended 31 December 2024, the Group capitalised borrowing costs amounted to RMB75,485,000 (2023: RMB115,706,000) on qualifying assets (Note 10). Borrowing costs were capitalised at the weighted average rate of its general borrowings of 4.66% (2023: 4.21%).

Accounting policy of depreciation methods and useful lives

Construction in progress represents buildings, solar power electricity generating equipment and plants ("Solar Farms") and other equipment on which construction work has not been completed and which, upon completion, management intends to hold for generation of electricity income or solar glass production purposes. Construction in progress is carried at cost which includes development and construction expenditures incurred and interest and other direct costs attributable to the development less any accumulated impairment losses. On completion, construction in progress is transferred to appropriate categories of property, plant and equipment.

Depreciation of completed Solar Farms commences when the Solar Farms are successfully connected to grids and completed trial operation. Depreciation of other property, plant and equipment commences when the assets are ready for use.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

– Buildings	30 years
– Plant and machinery	5-20 years
– Solar farms	25 years
– Office equipment	3-7 years

See note 40.7 for the other accounting policies relevant to property, plant and equipment.

18 LEASES

This note provides information for leases where the Group is a lessee.

The Group's right-of-use assets and lease liabilities mainly arise from lease of various land use rights for solar farm projects with typically lease terms of 20 to 30 years and solar glass factory with terms of 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The consolidated balance sheet shows the following amounts relating to leases:

	2024 RMB'000	2023 RMB'000 (Restated)
Right-of-use assets		
Leasehold land and land use rights	2,129,032	2,096,670
Leases of factory, office premises and warehouses	15,682	24,159
Leases of rooftops	30,725	32,558
	2,175,439	2,153,387
Lease liabilities		
Current	71,716	77,715
Non-current	831,625	843,036
	903,341	920,751

The movements of right-of-use assets and lease liabilities are analysed as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Right-of-use assets		
At 1 January	2,153,387	1,939,170
Additions	144,715	321,230
Depreciation charge	(100,120)	(91,302)
Early termination of lease	(12,942)	(18,633)
Currency translation difference	(9,601)	2,922
At 31 December	2,175,439	2,153,387

18 LEASES (Continued)

The movements of right-of-use assets and lease liabilities are analysed as follows: (Continued)

	2024 RMB'000	2023 RMB'000 (Restated)
Depreciation charged in consolidated income statement (Note 7)	90,542	81,997
Depreciation capitalised in construction in progress (Note 17)	9,578	9,305
	100,120	91,302

	2024 RMB'000	2023 RMB'000 (Restated)
Lease liabilities		
At 1 January	920,751	787,864
Principal element of lease payments	(57,590)	(51,351)
Interest paid	(46,029)	(45,264)
Additions	43,342	179,579
Interest for lease liabilities (Note 10)	60,096	60,974
Early termination of lease	(13,695)	(20,852)
Currency translation difference	(3,534)	9,801
At 31 December	903,341	920,751

19 INTANGIBLE ASSETS

	Goodwill RMB'000	Mining rights RMB'000	Software RMB'000	Total RMB'000
At 1 January 2023 (Restated)				
Cost	11,373	12,174	—	23,547
Accumulated amortisation	—	(4,622)	—	(4,622)
Net book amount	11,373	7,552	—	18,925
Year ended 31 December 2023 (Restated)				
Opening net book amount	11,373	7,552	—	18,925
Addition	—	—	11,321	11,321
Amortisation charge	—	(1,352)	(660)	(2,012)
Currency translation differences	(1)	—	—	(1)
Closing net book amount	11,372	6,200	10,661	28,233
At 31 December 2023 (Restated) and 1 January 2024				
Cost	11,372	12,174	11,321	34,867
Accumulated amortisation	—	(5,974)	(660)	(6,634)
Net book amount	11,372	6,200	10,661	28,233
Year ended 31 December 2024				
Opening net book amount	**11,372**	**6,200**	**10,661**	**28,233**
Additions	—	—	**3,711**	**3,711**
Amortisation charge	—	**(1,353)**	**(1,245)**	**(2,598)**
Closing net book amount	**11,372**	**4,847**	**13,127**	**29,346**
At 31 December 2024				
Cost	**11,372**	**12,174**	**15,032**	**38,578**
Accumulated amortisation	—	**(7,327)**	**(1,905)**	**(9,232)**
Net book amount	**11,372**	**4,847**	**13,127**	**29,346**

Notes to the Consolidated Financial Statements

19 INTANGIBLE ASSETS (Continued)

	2024 RMB'000	2023 RMB'000 (Restated)
Amortisation charged in consolidated income statement:		
- Cost of sales (Note 7)	1,353	1,352
- Administrative and other operating expenses (Note 7)	1,245	660
	2,598	2,012

20 INVENTORIES

	2024 RMB'000	2023 RMB'000 (Restated)
Raw materials	1,015,193	984,214
Work in progress	356,430	359,229
Finished goods	1,668,710	593,358
Less: Provision for impairment	(184,294)	(24,745)
	2,856,039	1,912,056

The cost of inventories excluding manufacturing overheads, included in cost of sales amounted to approximately RMB13,782,576,000 (2023: RMB14,303,445,000).

During the year ended 31 December 2024, a provision of RMB162,428,000 (2023: RMB4,702,000) was made to write down the inventories to net realisable value and recognised as cost of goods sold in the consolidated income statement (Note 7 (i)).

During the year ended 31 December 2024, the Group reversed RMB3,098,000 (2023: RMB3,295,000) of previous inventory write down, as the Group sold the relevant goods that had been written down to customers at original cost. The amount reversed has been included in cost of goods sold in the consolidated income statement(Note 7 (i)).

Accounting policy of inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

21 CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group has recognised the following assets and liabilities related to contracts with customers:

	Note	2024 RMB'000	2023 RMB'000 (Restated)
Contract assets relating to EPC services	(a)	**33,756**	30,996
Less: Provision for impairment		**(435)**	(467)
		33,321	30,529
Contract liabilities relating to sales of solar glass	(b)	**79,421**	76,591

Notes:

(a) The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The carrying amounts of contract assets approximate their fair values.

(b) The contract liabilities primarily relate to payments received in advance for sales of glass not yet delivered to customers. Revenue is recognised when goods are delivered to customers.

For the year ended 31 December 2024, revenue recognised from the contract liability balance at the beginning of the year amounted to RMB76,591,000 (2023: RMB98,132,000) and no revenue was recognised (2023: nil) from performance obligations satisfied in prior years.

22 TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000 (Restated)
Trade receivables (Note (a))	**8,611,010**	7,419,893
Less: Loss allowance (Note (c))	**(69,646)**	(52,665)
Trade receivables, net	**8,541,364**	7,367,228
Bills receivables at amortised cost (Note (b))	**3,050,263**	3,063,198
Less: Loss allowance	**(3,420)**	(3,920)
Bills receivables at amortised cost, net	**3,046,843**	3,059,278
Bills receivables at FVOCI (Note (d))	**280,756**	467,088

(a) Trade receivables

Breakdown of trade receivables by segment is as follows:

	Sales of solar glass RMB'000	Solar farm business RMB'000	Unallocated RMB'000	Total RMB'000
At 31 December 2024				
Sales of solar glass	**3,634,707**	—	—	**3,634,707**
Sales of electricity	—	**211,257**	—	**211,257**
Tariff adjustment	—	**4,747,320**	—	**4,747,320**
Other service revenue	—	—	**17,726**	**17,726**
Total	**3,634,707**	**4,958,577**	**17,726**	**8,611,010**
At 31 December 2023 (Restated)				
Sales of solar glass	3,158,537	—	—	3,158,537
Sales of electricity	—	214,021	—	214,021
Tariff adjustment	—	4,025,704	—	4,025,704
Other service revenue	—	—	21,631	21,631
Total	3,158,537	4,239,725	21,631	7,419,893

22 TRADE AND BILLS RECEIVABLES (Continued)

(a) Trade receivables (Continued)

The credit terms granted by the Group to its customers in respect of sales of solar glass are generally from 30 to 90 days.

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

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

	2024 RMB'000	2023 RMB'000 (Restated)
0 to 90 days	8,245,448	7,371,057
91 days to 180 days	272,582	29,723
181 days to 365 days	90,099	8,533
1 to 2 years	128	4,749
Over 2 years	2,753	5,831
	8,611,010	7,419,893

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

	2024 RMB'000	2023 RMB'000 (Restated)
0 to 90 days	447,046	421,203
91 days to 180 days	365,812	376,655
181 days to 365 days	610,647	615,158
1 to 2 years	1,018,719	918,461
Over 2 years	2,516,353	1,908,248
	4,958,577	4,239,725

22 TRADE AND BILLS RECEIVABLES (Continued)

(a) Trade receivables (Continued)

The carrying amounts of the trade receivables are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000 (Restated)
RMB	8,306,741	7,155,057
US$	301,750	204,759
Other currencies	2,519	60,077
	8,611,010	7,419,893

(b) Bills receivables at amortised cost

The maturity of bills receivables is within 1 year. As at 31 December 2024, bills receivables of RMB82,189,000 (2023: RMB5,000,000) was pledged as collaterals for obtaining letter of credit facilities in the PRC.

Bill receivables of RMB967,905,000 (2023: RMB999,003,000) was transferred to banks for obtaining bank borrowings. The carrying amounts of bills receivables are denominated in RMB.

(c) Loss allowance of trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables by segment. Information about the loss allowance of trade receivables is provided in Note 3.1(b).

(d) Fair value of bills receivables at FVOCI

As at 31 December 2024, bills receivables of RMB2,775,000 (2023: RMB19,000,000) was pledged as collaterals for obtaining bank acceptance bill.

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

23 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000 (Restated)
Prepayments	783,781	1,337,575
Deposits and other receivables (Note (a))	72,554	153,833
Other tax receivables (Note (b))	1,056,030	996,125
	1,912,365	2,487,533
Less: Non-current portion:		
Prepayments for land use rights and property, plant and equipment	(415,867)	(863,211)
Current portion	1,496,498	1,624,322
Less: Loss allowance of deposits and other receivables	(1,875)	(3,233)
	1,494,623	1,621,089

Notes:

(a) The carrying amounts of the Group's deposits and other receivables are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000 (Restated)
RMB	69,879	150,934
MYR	501	964
Other currencies	2,174	1,935
	72,554	153,833

(b) Other tax receivables mainly represent value added tax recoverable.

(c) The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

Notes to the Consolidated Financial Statements

24 FINANCE LEASE RECEIVABLES

Future receivables under finance leases as lessor are as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Non-current receivables		
Finance leases - gross receivables	266,380	312,638
Unearned finance income	(96,878)	(118,693)
	169,502	193,945
Less: Loss allowance	(1,528)	(1,538)
	167,974	192,407
Current receivables		
Finance leases - gross receivables	27,543	29,392
Unearned finance income	(15,553)	(17,401)
	11,990	11,991
Less: Loss allowance	(109)	(96)
	11,881	11,895
Total	179,855	204,302
Gross receivables from finance leases:		
– No later than 1 year	27,543	29,392
– Later than 1 year and no later than 5 years	108,471	116,285
– Later than 5 years	157,909	196,353
	293,923	342,030
Unearned future finance income on finance leases	(112,431)	(136,094)
Net investment in finance leases	181,492	205,936
Less: Loss allowance	(1,637)	(1,634)
Total	179,855	204,302

24 FINANCE LEASE RECEIVABLES (Continued)

	2024 RMB'000	2023 RMB'000 (Restated)
The net investment in finance leases before loss allowance may be analysed as follows:		
– No later than 1 year	11,989	11,990
– Later than 1 year and no later than 5 years	56,435	56,810
– Later than 5 years	113,068	137,136
	181,492	205,936

25 CASH AND BANK BALANCES

	2024 RMB'000	2023 RMB'000 (Restated)
Cash at bank	821,492	2,572,164
Cash on hand	114	111
Cash and cash equivalents (Note (b))	821,606	2,572,275
Restricted cash (Note (a))	19,589	961,619
Fixed deposits with maturity over three months (Note (c))	131,338	—
Cash and bank balances	972,533	3,533,894

Notes:

a) Restricted cash mainly includes pledged bank deposits. These deposits have a maturity of six months with interest rates ranged from 1.48% to 1.95% per annum and were pledged as collaterals for obtaining letter of credit facilities in the PRC.

b) As at 31 December 2024, funds of the Group amounting to RMB787,989,000, RMB110,053,000 and RMB4,662,000 (2023: RMB2,222,996,000, RMB167,319,000 and RMB2,926,000) were deposited in bank accounts opened with banks in the PRC, Malaysia and Indonesia respectively, where the remittance of funds is subject to foreign exchange control.

c) The fixed deposits have an original maturity ranging from 6 months to one year with interest rates ranging from 1.5% to 1.65% per annum.

Notes to the Consolidated Financial Statements

25 CASH AND BANK BALANCES (Continued)

The carrying amounts of the Group's cash and bank balances are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000 (Restated)
RMB	826,159	3,187,256
HK$	32,241	77,977
US$	77,849	248,555
Other currencies	36,284	20,106
	972,533	3,533,894

26 SHARE CAPITAL

	2024		2023	
	Number of ordinary shares '000	Ordinary shares of HK$0.1 each HK$'000	Number of ordinary shares '000	Ordinary shares of HK$0.1 each HK$'000
Authorised:				
At 1 January 2023, 31 December 2023 and 2024	80,000,000	8,000,000	80,000,000	8,000,000

	2024		2023	
	Number of ordinary shares '000	Ordinary shares of HK$0.1 each RMB'000	Number of ordinary shares '000	Ordinary shares of HK$0.1 each RMB'000 (Restated)
Issued:				
At beginning of year	8,903,251	723,002	8,896,240	722,378
Issuance of shares under employees' share option scheme (Note 27(a))	6,641	612	7,011	624
Issuance of shares in respect of scrip dividend				
– 2023 final dividend	2,285	212	—	—
– 2024 interim dividend	166,270	15,004	—	—
At end of year	9,078,447	738,830	8,903,251	723,002

27 SHARE-BASED PAYMENTS

(a) Share option scheme of the Company

In June 2014, the Company adopted a share option scheme ("2014 Share Option Scheme"). Under the Share Option Scheme, the Company's directors may, at their sole discretion, grant options to any employee of the Group to subscribe for shares of the Company at the highest of (i) the closing price of shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the day of the offer of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the day of the offer of the grant; and (iii) the nominal value of shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

The total number of shares which may be issued upon exercise of all options to be granted under the 2014 Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 10% of the shares in issue on the date of commencement of dealings in the shares of the Company on the Stock Exchange, unless the Company obtains further approval from the shareholders.

Notwithstanding the above, the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2014 Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 30% of the relevant shares or securities of the Company in issue from time to time.

Information in relation to the share options granted to a director of the Company and employees of the Group is as follows:

Date of grant	Number of share options granted (Note 1)	Exercise price (HK$)	Validity period	Expiry date
28 March 2019	8,865,000	3.76 (Note 2)	28 March 2019 to 31 March 2023	31 March 2023
31 March 2020	8,589,000	4.39 (Note 3)	31 March 2020 to 31 March 2024	31 March 2024
31 March 2021	9,885,500	12.99 (Note 2)	31 March 2021 to 31 March 2025	31 March 2025
31 March 2022	17,753,500	13.82 (Note 3)	31 March 2022 to 31 March 2026	31 March 2026
31 March 2023	16,161,000	9.41 (Note 3)	31 March 2023 to 31 March 2027	31 March 2027
28 March 2024	18,700,000	6.15 (Note 2)	28 March 2024 to 31 March 2028	31 March 2028

27 SHARE-BASED PAYMENTS (Continued)

(a) Share option scheme of the Company (Continued)

The 2014 Share Option Scheme was expired on 5 June 2024 and the Company has adopted a new share option scheme (the "2024 Share Option Scheme") on 31 May 2024. During the year ended 31 December 2024, no share option has been granted, exercised, lapsed and cancelled under the 2024 Share Option Scheme.

Notes:

1. One third of the options will vest on each of the year-end date within the three years after the date of the grant of the share options.
2. The exercise prices of the share options are equal to the average closing price of the Company's share for the five trading days immediately preceding the respective dates of grant.
3. The exercise prices of the share options is equal to the closing price of the Company's share on the date of grant.

Movements in the number of share options granted by the Company and their related weighted average exercise prices are as follows:

	2024		2023	
	Average exercise price in HK$ per share	Options (in thousands)	Average exercise price in HK$ per share	Options (in thousands)
At 1 January	**10.95**	**49,077**	10.38	41,123
Granted	**6.15**	**18,700**	9.41	16,161
Forfeited	**11.76**	**(5,803)**	11.74	(1,187)
Exercised	**4.39**	**(6,641)**	3.89	(7,011)
Expired	**4.39**	**(9)**	3.76	(9)
At 31 December	**10.03**	**55,324**	10.95	49,077

During the year ended 31 December 2024, a total of 6,641,000 options (2023: 7,011,000 options) were exercised and a total of 5,803,000 options (2023: 1,187,000 options) were forfeited.

Out of the above outstanding share options, 9,079,000 options were exercisable at 31 December 2024 (2023: 6,668,000 options).

27 SHARE-BASED PAYMENTS (Continued)

(a) Share option scheme of the Company (Continued)

These outstanding share options at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK$ per share	Options (in thousands) 2024	2023
31 March 2024	4.39	—	6,668
31 March 2025	12.99	**9,079**	9,356
31 March 2026	13.82	**13,600**	17,177
31 March 2027	9.41	**14,870**	15,876
31 March 2028	6.15	**17,775**	—
		55,324	49,077

The weighted average fair value of the share options granted during the year was determined using the Black-Scholes valuation model, which was performed by an independent valuer, Greater China Appraisal Limited, was approximately HK$2.12 (2023: HK$3.47) per option. The significant inputs into the model are as follows:

	2024	2023
Share price, at the grant date (HK$)	**6.06**	9.41
Exercise price (HK$)	**6.15**	9.41
Volatility (%)	**56.73**	53.98
Dividend yield (%)	**3.71**	2.13
Expected share option life (years)	**3.51**	3.50
Annual risk-free interest rate (%)	**3.40**	3.12

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the previous year. See Note 8 for the total expense recognised in the consolidated income statement for share options granted to employees of the Group.

Notes to the Consolidated Financial Statements

27 SHARE-BASED PAYMENTS (Continued)

(b) Share option scheme of a subsidiary

Xinyi Energy, a non-wholly owned subsidiary of the Group, adopted a share option scheme (the "XYE Share Option Scheme") in November 2018, which was approved by the shareholders at an extraordinary general meeting of Xinyi Energy held on 22 November 2018. The purpose of the XYE Share Option Scheme is to enable Xinyi Energy to grant options of Xinyi Energy ("XYE Share Options") to eligible participants ("XYE Participants") as incentives or rewards for their contribution or potential contribution to the XYE Group and to provide the XYE Participants an opportunity to have a personal stake in Xinyi Energy.

Information in relation to the XYE Share Options granted to a director of Xinyi Energy and employees of the XYE Group is as follows:

Date of grant	Number of XYE Share Options granted (Note 1)	Exercise price (HK$) (Note 2)	Validity period	Expiry date
31 March 2021	2,480,000	3.78 (Note 3)	31 March 2021 to 31 March 2025	31 March 2025
31 March 2022	2,780,500	4.76 (Note 3)	31 March 2022 to 31 March 2026	31 March 2026
1 June 2023	4,000,000	2.26 (Note 2)	1 June 2023 to 31 March 2027	31 March 2027
28 March 2024	3,500,000	1.12 (Note 2)	28 March 2024 to 31 March 2028	31 March 2028

Notes:

1. One third of the XYE Share Options will vest on each of the year-end date within the three years after the date of the grant of the XYE Share Options.

2. The exercise prices of the share options are equal to the average closing price of Xinyi Energy's share for the five trading days immediately preceding the respective dates of grant.

3. The exercise prices of the share options is equal to the closing price of the Xinyi Energy's share on the date of grant.

28 SHARE PREMIUM AND OTHER RESERVES

	Share premium (Note (a)) RMB'000	Other reserves: Merger reserve (Note (b)) RMB'000	Capital reserve (Note (c)) RMB'000	Statutory reserves (Note (d)) RMB'000	Safety fund surplus reserve (Note (e)) RMB'000	Share option reserve RMB'000	Exchange reserve RMB'000	Sub-total RMB'000	Total RMB'000
Year ended 31 December 2023(Restated)									
Opening balance	7,071,419	(167,596)	1,713,515	2,290,509	—	42,898	(458,845)	3,420,481	10,491,900
Currency translation differences	—	—	—	—	—	—	48,685	48,685	48,685
Share of other comprehensive income of investments accounted for using the equity method	—	—	—	—	—	—	1,054	1,054	1,054
Employees' share option scheme:									
– exercise of employees' share options	29,065	—	—	—	—	(5,397)	—	(5,397)	23,668
– value of employee services	—	—	—	—	—	45,684	—	45,684	45,684
Appropriation to statutory reserve	—	—	—	407,518	—	—	—	407,518	407,518
Net movement of safety fund surplus reserve	—	—	—	—	13,285	—	—	13,285	13,285
2022 final dividend	(806,392)	—	—	—	—	—	—	—	(806,392)
Changes in ownership interest in subsidiaries without loss of control (Note 15)	—	—	(33,543)	—	—	—	—	(33,543)	(33,543)
Closing balance	6,294,092	(167,596)	1,679,972	2,698,027	13,285	83,185	(409,106)	3,897,767	10,191,859

Notes to the Consolidated Financial Statements

28 SHARE PREMIUM AND OTHER RESERVES (Continued)

	Share premium (Note (a)) RMB'000	Other reserves: Merger reserve (Note (b)) RMB'000	Capital reserve (Note (c)) RMB'000	Statutory reserves (Note (d)) RMB'000	Safety fund surplus reserve (Note (e)) RMB'000	Share option reserve RMB'000	Exchange reserve RMB'000	Sub-total RMB'000	Total RMB'000
Year ended 31 December 2024									
Opening balance	6,294,092	(167,596)	1,679,972	2,698,027	13,285	83,185	(409,106)	3,897,767	10,191,859
Currency translation differences	—	—	—	—	—	—	312,629	312,629	312,629
Share of other comprehensive income of investments accounted for using the equity method	—	—	—	—	—	—	1,615	1,615	1,615
Employees' share option scheme:									
- exercise of employees' share options	32,480	—	—	—	—	(6,236)	—	(6,236)	26,244
- value of employee services	—	—	—	—	—	4,908	—	4,908	4,908
Issuance of shares in respect of scrip dividend of 2023 final dividend and 2024 interim dividend	505,865	—	—	—	—	—	—	—	505,865
Appropriation to statutory reserve	—	—	—	188,820	—	—	—	188,820	188,820
Net movement of safety fund surplus reserve	—	—	—	—	10,363	—	—	10,363	10,363
2023 final dividend	(1,237,183)	—	—	—	—	—	—	—	(1,237,183)
Acquisition of additional interest in a subsidiary	—	—	695	—	—	—	—	695	695
Changes in ownership interest in subsidiaries without loss of control (Note 15)	—	—	142,620	—	—	—	—	142,620	142,620
Closing balance	5,595,254	(167,596)	1,823,287	2,886,847	23,648	81,857	(94,862)	4,553,181	10,148,435

28 SHARE PREMIUM AND OTHER RESERVES (Continued)

(a) Share premium

Share premium of the Company is available for distributions or paying dividends to the Shareholders, according to the provisions of the Articles of Association and the Companies Law of the Cayman Islands. When the Company issues shares, excess of net proceeds received over the par value of the shares are credited to the share premium.

During the year ended 31 December 2024, the 2023 final dividend of RMB1,237,183,000 (2023: 2022 final dividend of RMB806,392,000) was paid out from share premium.

Issuance of shares in respect of scrip dividend of 2023 final dividend, issuance of shares in respect of scrip dividend of 2024 interim dividend and net proceeds received from exercise of share options exceeded the par value of the issued shares were credited to the share premium by approximately RMB9,231,000 (2023: nil), RMB496,634,000 (2023: nil) and RMB32,480,000 (2023: RMB29,065,000) respectively.

(b) Merger reserve

For the purpose of preparing for the initial listing of the shares of the Company on the Main Board of the Stock Exchange, the Group undertook a reorganisation (the "Reorganisation") in 2011. Merger reserve represents the difference between the share capital and share premium issued by the Company for acquisition of the subsidiaries pursuant to the Reorganisation and the aggregate capital of the subsidiaries being acquired at the time of the Reorganisation.

(c) Capital reserve

In 2011, the Group's PRC subsidiary declared dividends of RMB421,826,000. The related withholding tax of RMB21,395,000 arising from the dividends distribution was paid on behalf by Xinyi Glass Holdings Limited ("Xinyi Glass") and Xinyi Glass has not recharged back the Group. Such amount was accounted for as capital reserve within equity.

In 2015, changes in ownership interests in Xinyi Energy from a wholly-owned subsidiary to a 75% partially-owned subsidiary resulted in an increase of capital reserve of RMB333,207,000.

During the year ended 31 December 2019, an increase in equity attributable to owners of the Company, amounting to RMB834,896,000, was credited to the capital reserve in relation to the spin-off of Xinyi Energy on 28 May 2019, Disposal of Xinyi Solar Farm (1) to Xinyi Energy on 3 June 2019; and the Over-allotment Issue on 24 Jun 2019.

During the year ended 31 December 2020, an increase in equity attributable to owners of the Company, amounting to RMB205,195,000, was credited to the capital reserve in relation to the XYE Placing on 21 September 2020 and the disposal of Xinyi Solar Farm (3) to Xinyi Energy on 30 September 2020.

28 SHARE PREMIUM AND OTHER RESERVES (Continued)

(c) Capital reserve (Continued)

During the year ended 31 December 2021, an increase in equity attributable to owners of the Company, amounting to RMB135,412,000, was credited to the capital reserve in relation to the Group 6 Disposal and Group 7 Disposal to Xinyi Energy on 11 February 2021 and 15 December 2021.

During the year ended 31 December 2022, an increase in equity attributable to owners of the Company, amounting to RMB183,409,000, was credited to the capital reserve in relation to the transactions with non-controlling interests in Xinyi Energy.

During the year ended 31 December 2023, a decrease in equity attributable to owners of the Company, amounting to RMB33,543,000, was charged to the capital reserve in relation to the transactions with non-controlling interests in Xinyi Energy.

During the year ended 31 December 2024, an increase in equity attributable to owners of the Company, amounting to RMB142,620,000, was credited to the capital reserve in relation to the transactions with non-controlling interests in Xinyi Energy. For more details, please refer to Note 15. An increase in equity attributable to owners of the Company, amounting to RMB695,000, was credited to the capital reserve in relation to an acquisition of additional interest in a subsidiary.

(d) Statutory reserve

Subsidiary of the Group in the PRC are required to allocate 10% of the companies' net profits to the statutory reserves fund until such fund reaches 50% of the companies' registered capitals. The statutory reserves fund can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the companies, provided that such fund is maintained at a minimum of 25% of the companies' registered capitals.

During the year ended 31 December 2024, the respective board of directors of certain PRC subsidiaries of the Group resolved to appropriate approximately RMB188,820,000 (2023: RMB407,518,000) from retained earnings to statutory reserve.

(e) Safety fund surplus reserve

Pursuant to the relevant PRC laws and regulations, a subsidiary engaging in mining activities is required to establish a safety fund surplus reserve based on the volume of mine extracted and subsidiaries operating solar farm business are required to establish safety fund surplus reserve based on the revenue from sales of electricity.

The safety fund can only be transferred to retained earnings to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment maintenance as well as safety production inspection, consultation and training.

During the year ended 31 December 2024, the net amount of appropriation to and utilisation of safety fund surplus reserve is RMB10,363,000 (2023: RMB13,285,000).

29 TRADE, BILLS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000 (Restated)
Trade payables (Note (a))	2,442,951	1,504,187
Bills payables (Note (b))	1,035,623	2,399,871
Trade and bills payables (Note (c))	3,478,574	3,904,058
Accruals and other payables (Note (d))	3,653,731	3,667,953
Current portion	7,132,305	7,572,011

	2024 RMB'000	2023 RMB'000 (Restated)
Deferred government grants (Note (e))	130,000	130,000
Retention payables for construction of plant and equipment	571,967	429,862
Non-current portion	701,967	559,862

Notes:

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

	2024 RMB'000	2023 RMB'000 (Restated)
0 to 90 days	1,798,915	1,230,966
91 days to 180 days	626,988	250,760
181 days to 365 days	10,454	15,448
Over 1 year	6,594	7,013
	2,442,951	1,504,187

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

29 TRADE, BILLS AND OTHER PAYABLES (Continued)

Notes: (Continued)

(c) The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000 (Restated)
RMB	3,341,135	3,802,529
Other currencies	137,439	101,529
	3,478,574	3,904,058

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

	2024 RMB'000	2023 RMB'000 (Restated)
Payables for property, plant and equipment	3,070,909	3,064,016
Accruals for employee benefits and welfare	180,919	202,584
Payables for transportation costs and other operating expenses	208,558	141,782
Provision for value added tax and other taxes	84,034	147,905
Payables for utilities	35,487	40,686
Others	73,824	70,980
	3,653,731	3,667,953

(e) The government grants were received from the government in subsidising the Group's purchase of property, plant and equipment in the PRC. It will be net off against the cost of acquisition when property, plant and equipment are acquired and are recognised in the consolidated income statement on a straight-line basis over the expected lives of the related assets.

(f) The carrying amounts of trade, bills and other payables approximate their fair values.

30 BORROWINGS

	2024 RMB'000	2023 RMB'000 (Restated)
Unsecured borrowings (Note (a))	11,639,790	9,571,377
Secured borrowings (Note (b))	264	1,978
Total borrowings	11,640,054	9,573,355

As at 31 December, the Group's borrowings were repayable as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Repayable on demand and within 1 year	6,143,255	6,273,644
Between 1 and 2 years	849,978	1,577,142
Between 2 and 5 years	2,206,152	925,389
Over 5 years	2,440,669	797,180
	11,640,054	9,573,355
Less: Non-current portion	(5,496,799)	(3,299,711)
Current portion	6,143,255	6,273,644

The carrying amount of the Group's borrowings are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000 (Restated)
RMB	9,809,059	3,237,694
HK$	1,830,995	6,335,661
	11,640,054	9,573,355

Notes:

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

(b) As at 31 December 2024, borrowings amounting to RMB264,000 (2023: RMB1,978,000) are secured by fixed assets with carrying value of RMB2,068,000 (2023: RMB3,325,000).

30 BORROWINGS (Continued)

Notes: (Continued)

(c) As at 31 December 2024, RMB967,905,000 (2023: RMB999,003,000) of the current borrowings is related to transferred receivables recognised as bills receivables at amortised cost and bear a fixed annualised interest rate from 0.50% to 2.20% (2023: 0.95% to 1.42%). These amounts are denominated in RMB and approximate their fair values as at 31 December 2024, as the impact of discounting is not significant.

(d) The Group has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 reporting period.

(e) As at 31 December 2024, none of borrowings (2023: nil) containing repayment on demand clause and were classified as current liabilities.

Save as the forementioned borrowings relating to transferred receivables, the remaining borrowings are repayable by instalments up to year 2045 (2023: year 2038). The carrying amounts approximate their fair values as at 31 December 2024, as the impact of discounting is not significant.

(f) As at 31 December 2024, the majority of borrowings bore floating interest rates and were exposed to interest rate changes.

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

	2024	2023
Borrowings	**3.25%**	5.12%

Accounting policy of borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

30 BORROWINGS (Continued)

Accounting policy of borrowings (Continued)

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

31 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Deferred income tax assets	**168,677**	142,779
Deferred income tax liabilities	**(150,349)**	(175,725)
Deferred income tax, net	**18,328**	(32,946)

The gross movement on the deferred income tax account is as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
At 1 January	**(32,946)**	(31,209)
Credited/(charged) to the consolidated income statement (Note 11)	**58,838**	(4,837)
Currency translation difference	**(7,564)**	3,100
At 31 December	**18,328**	(32,946)

31 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting balances of RMB273,686,000 (2023: RMB171,992,000) within the same tax jurisdiction are as follows:

Deferred income tax assets	Temporary difference arising from trade receivables and provisions RMB'000	Capital allowance and government grants RMB'000	Lease liabilities RMB'000	Unrealised profit and others RMB'000	Safety fund RMB'000	Total RMB'000
Year ended 31 December 2023 (Restated)						
Opening balance	40,793	61,083	155,696	7,661	—	265,233
Credited/(charged) to the consolidated income statement	1,788	22,533	22,363	(413)	3,696	49,967
Currency translation difference	(465)	—	36	—	—	(429)
Closing balance	42,116	83,616	178,095	7,248	3,696	314,771
Year ended 31 December 2024						
Opening balance	42,116	83,616	178,095	7,248	3,696	314,771
Credited/(charged) to the consolidated income statement	68,281	53,898	7,789	(413)	(3,696)	125,859
Currency translation difference	523	1,255	(45)	—	—	1,733
Closing balance	110,920	138,769	185,839	6,835	—	442,363

31 DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities	Accelerated depreciation allowance RMB'000	Right-of-use assets RMB'000	Finance lease income RMB'000	Unremitted earnings of subsidiaries and others RMB'000	Total RMB'000
Year ended 31 December 2023 (Restated)					
Opening balance	142,798	139,867	13,469	308	296,442
Charged/(Credited) to the consolidated income statement	3,363	32,089	(890)	20,242	54,804
Currency translation difference	(3,192)	36	611	(984)	(3,529)
Closing balance	142,969	171,992	13,190	19,566	347,717
Year ended 31 December 2024					
Opening balance	**142,969**	**171,992**	**13,190**	**19,566**	**347,717**
Charged to the consolidated income statement	**51,960**	**2,586**	**—**	**12,475**	**67,021**
Currency translation difference	**10,066**	**(42)**	**(721)**	**(6)**	**9,297**
Closing balance	**204,995**	**174,536**	**12,469**	**32,035**	**424,035**

Capital allowance mainly represents the ITA entitled by the Group's subsidiary in Malaysia on its qualifying capital expenditure incurred, which can be utilised against its assessable profit.

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. The Group's subsidiaries in the PRC that held by intermediate holding companies incorporated in Hong Kong, is subject to 5% to 10% withholding tax.

As at 31 December 2024, deferred income tax liabilities of approximately RMB919,029,000 (2023: RMB901,859,000) were not recognised for withholding tax and other taxes that would be payable on the unremitted earnings of subsidiaries in the PRC, using a 5% (2023: 5%) withholding tax rate. Deferred income tax liability is not recognised where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. The related total unremitted earnings for which deferred withholding tax liabilities had not been recognised amounted to approximately RMB18,380,574,000(2023: RMB18,037,190,000).

Deferred tax assets are recognised for tax loss carrying-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31 December 2024, there was no significant unrecognised tax losses (2023: nil).

32 CASH FLOW INFORMATION

(a) Cash generated from operations

	2024 RMB'000	2023 RMB'000 (Restated)
Profit before income tax	1,935,298	5,104,849
Adjustments for:		
Share options granted to employees (Note 8)	4,330	46,810
Interest income (Note 10)	(23,279)	(31,066)
Interest expense (Note 10)	432,107	348,697
Impairment losses on property, plant and equipment (Note 7)	392,858	—
Net impairment losses on inventories (Note 20)	159,330	1,407
Net impairment losses on financial and contract assets (Note 3.1 (b))	15,563	9,048
Amortisation of intangible assets (Note 7)	2,598	2,012
Depreciation of property, plant and equipment (Note 7)	1,932,268	1,569,913
Depreciation of right-of-use assets (Note 7)	90,542	81,997
Losses on disposal of property, plant and equipment and early termination of lease, net (Note 6)	13,434	28,007
Net fair value gains on financial assets at fair value through profit or loss (Note 6)	(14,353)	(27,177)
Share of net profits of investments accounted for using the equity method (Note 16)	(17,411)	(25,527)
	4,923,285	7,108,970
Changes in working capital:		
Inventories	(912,638)	(106,510)
Trade, bills and other receivables	(898,794)	(2,279,620)
Finance lease receivables	13,179	12,650
Trade, bills and other payables	(531,442)	1,901,935
Contract liabilities	2,830	(23,208)
Amounts due to related companies	53,016	(40,967)
Amounts due from related companies	9,459	(2,768)
Restricted cash	6,427	(10,838)
Contract assets	(2,760)	7,479
Cash generated from operations	2,662,562	6,567,123

Due to historical construction planning, some production sites share utilities such as water and electricity with some subsidiaries of Xinyi Glass, a related party of the Group, in aggregate basis and settled separately.

32 CASH FLOW INFORMATION (Continued)

(b) Non-cash investing activities and financing activities

	2024 RMB'000	2023 RMB'000 (Restated)
Acquisition of right-of-use assets	**43,342**	321,230
Issuance of shares in lieu of cash dividends	**523,179**	—
	566,521	321,230

(c) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment and early termination of lease comprise:

	2024 RMB'000	2023 RMB'000 (Restated)
Net book amount of the property, plant and equipment disposed and lease terminated	**41,076**	39,013
Losses on disposal of property, plant and equipment and early termination of lease, net (Note 6)	**(13,434)**	(28,007)
Proceeds from disposal of property, plant and equipment and early termination of lease	**27,642**	11,006

32 CASH FLOW INFORMATION (Continued)

(d) Analysis of changes in financing activities

	Liabilities from financing activities			
	Borrowing RMB'000	Lease liabilities RMB'000	Dividend payable RMB'000	Total RMB'000
Year ended 31 December 2024				
Opening balance	(9,573,355)	(920,751)	(7)	(10,494,113)
Cash (inflows)/outflows – net	(2,251,922)	103,619	1,723,869	(424,434)
Foreign exchange adjustments	202,964	3,534	—	206,498
Interest for lease liabilities (Note 18)	—	(60,096)	—	(60,096)
2023 final dividend and 2024 interim dividend	—	—	(2,247,048)	(2,247,048)
– Shareholders of the Company	—	—	(2,064,768)	(2,064,768)
– Non-controlling interests	—	—	(182,280)	(182,280)
Other non-cash movements	(17,741)	(29,647)	523,085	475,697
– Scrip dividend to shareholders of the Company	—	—	521,081	521,081
– Fair value adjustment on scrip dividend to shareholders of the Company	—	—	(40,143)	(40,143)
– Scrip dividend to non-controlling interests	—	—	42,241	42,241
– Others	(17,741)	(29,647)	(94)	(47,482)
Closing balance	(11,640,054)	(903,341)	(101)	(12,543,496)

32 CASH FLOW INFORMATION (Continued)

(d) Analysis of changes in financing activities (Continued)

	Liabilities from financing activities			
		Lease	Dividend	
	Borrowing	liabilities	payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Restated)	(Restated)	(Restated)	(Restated)
Year ended 31 December 2023 (Restated)				
Opening balance	(7,188,069)	(787,864)	(7)	(7,975,940)
Cash (inflows)/outflows – net	(2,243,435)	96,615	1,758,210	(388,610)
Foreign exchange adjustments	(125,786)	(9,801)	—	(135,587)
Interest for lease liabilities (Note 18)	—	(60,974)	—	(60,974)
2022 final dividend and 2023 interim dividend	—	—	(1,758,210)	(1,758,210)
– Shareholders of the Company	—	—	(1,418,445)	(1,418,445)
– Non-controlling interests	—	—	(339,765)	(339,765)
Other non-cash movements	(16,065)	(158,727)	—	(174,792)
Closing balance	(9,573,355)	(920,751)	(7)	(10,494,113)

33 OPERATING LEASE COMMITMENTS

The Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of land and buildings with lease terms as follows:

	2024	2023
	RMB'000	RMB'000
		(Restated)
Not later than one year	**9,139**	8,586
Later than 1 year and not later than 5 years	**5,160**	13,201
Over 5 years	**273**	255
	14,572	22,042

34 CAPITAL COMMITMENTS

Capital expenditures of RMB1,121,511,000 (2023: RMB4,807,007,000) was contracted for at the end of the year but not yet incurred.

35 BANKING FACILITIES

The banking facilities made available to subsidiaries of the Group as of the year-end date are as follows:

	2024		2023	
	Total facilities RMB'000	**Facilities utilised RMB'000**	Total facilities RMB'000 (Restated)	Facilities utilised RMB'000 (Restated)
Banking facilities granted to subsidiaries of the Group without securities	**16,212,633**	**10,674,252**	11,419,455	8,589,528

36 RELATED PARTY TRANSACTIONS

As at 31 December 2024, the Group was controlled by Dr. LEE Yin Yee, S.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *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 held 26.50% (2023: 26.19%) of the Company's shares. 23.68% (2023: 23.40%) of the shares were held by Xinyi Glass and its subsidiary, and the remaining 49.82% (2023: 50.41%) of the shares were widely held.

36 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties

In addition to those disclosed elsewhere in the consolidated financial statements, the following is a summary of the transactions carried out between the Group and its related parties in the ordinary course of business during the year.

	Note	2024 RMB'000	2023 RMB'000 (Restated)
Related party transactions with subsidiaries of Xinyi Glass*			
– Purchases of machineries	i, ii	**199,371**	213,919
– Purchases of glass products	i, iii	**5,417**	5,399
– Sales of silica sand	i, iv	**51,668**	68,630
– Purchases of silica sand	i, v	**—**	6,745
– Freight for marine transportation	i, vi	**23,771**	—
– Sales of consumables	viii, ix	**8,976**	531
– Purchases of and processing of raw materials	viii, ix	**1,677**	—
– Purchases of consumable products	viii, ix	**1,886**	244
– Rental expenses paid	viii, x	**4,370**	5,061
– Rental income received	viii, x	**6,369**	3,646
– Purchases of logistic services	viii, ix	**11**	—
– Sales of machineries	viii, ix	**5**	—
– Sales of green electricity certificate	viii, ix	**138**	—
– Purchases of packing materials	viii, ix	**—**	1,898
– Acquisition of right-of-use assets	xii	**—**	64,106
– Purchases of fixed assets	viii, ix	**—**	1,333
– EPC service income received	viii, xi	**—**	3,707
Related party transactions with a subsidiary of Xinyi Energy^			
– Solar farm management fee paid	i, xiii	**11,485**	9,230
Related party transactions with subsidiaries of Xinyi Electric Storage Holdings Limited#			
– Purchases of and processing of battery pack, chargers and energy storage facilities	i, vii	**8,835**	69,466
– Purchases of consumable products	viii, ix	**25**	45
– Operation and management service fee paid	viii, ix	**—**	1,118
Related party transactions with controlling shareholders and/or their controlled corporations			
– Purchases of properties	viii, ix	**—**	13,538

36 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

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

Subsidiaries of 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 Sri Datuk TUNG Ching Sai *J.P.*, Mr. LI Man Yin and their respective associates.

^ Connected subsidiary of the Company.

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 purchases 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.

(vi) The freight for marine transportation services was charged at mutually agreed prices and terms. Details of the transactions were disclosed in the Company's announcement dated 17 December 2024.

(vii) The purchases of and processing of battery pack, chargers and energy storage facilities was charged at mutually agreed prices and terms. Details of the transactions were disclosed in the Company's announcement dated 31 October 2023.

(viii) 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.

(ix) The transactions were conducted at mutually agreed prices and terms.

(x) The leases of premises were charged at mutually agreed rental.

(xi) The EPC services income received were charged at mutually agreed prices.

(xii) 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.

(xiii) 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.

36 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	2024 RMB'000	2023 RMB'000 (Restated)
Amounts due from investment accounted for using the equity method		
– Xinyi Solar (Lu'an)	60,186	—
– Parkland Renewable	2,235	—
	62,421	—
Amounts due from related companies		
– Xinyi Glass (Chongqing) Company Limited*	757	—
– Xinyi Glass (Hainan) Company Limited*	92	92
– Xinyi Special Glass (Jiangmen) Company Limited*	25	49
– Xinyi Glass (Jiangsu) Company Limited*	20	20
– Guangxi Xinyi Supply Chain Management Limited*	—	8,984
– Polaron Energy Corp. #	—	602
– Xinyi Glass (Guangxi) Company Limited*	—	500
– Xinyi Energy Smart (Wuhu) Limited*	—	48
– Xinyi Ultra-thin Glass (Dongguan) Company Limited*	—	45
– Xinyi Glass (Tianjin) Company Limited*	—	12
Less: loss allowance	(7)	(28)
	887	10,324
Amounts due to related companies		
– Xinyi Automobile Glass (Shenzhen) Company Limited*	(1,150,655)	(1,150,601)
– Xinyi Group (Glass) Company Limited*	(562,373)	(263,275)
– Anhui Xinyi Intelligent Machinery Company Limited*	(124,135)	(54,594)
– Xinyi Power (Suzhou) Limited #	(9,180)	(34,013)
– Xinyi Energy Smart (Malaysia) Sdn Bhd*	(2,995)	(2,826)
– Hong Kong Xinyi Shipping Company Ltd*	(2,006)	—
– Xinyi Ultra-thin Glass (Dongguan) Company Limited*	(702)	—
– Xinyi Glass (Jiangmen) Company Limited*	(51)	—
– Xinyi Energy Smart (Wuhu) Limited*	(35)	—
– Xinyi Energy Smart (Sichuan) Company Limited*	—	(520)
	(1,852,132)	(1,505,829)

36 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

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

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 Sri Datuk TUNG Ching Sai *J.P.*, Mr. LI Man Yin and their respective associates.

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 HKD, RMB, CAD and MYR.

(c) 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:

	2024	2023
	RMB'000	RMB'000
		(Restated)
Basic salaries, bonus, other allowances and benefits	**26,678**	39,325
Retirement benefits-defined contribution scheme	**75**	63
Share options granted	**412**	3,391
	27,165	42,779

Details of directors' and the chief executive's emoluments are disclosed in Note 9(a).

37 FINANCIAL INSTRUMENTS BY CATEGORY

	2024 RMB'000	2023 RMB'000 (Restated)
Financial Assets		
Financial assets at amortised cost		
Trade and other receivables excluding prepayments and other tax receivables	8,612,043	7,517,828
Bills receivables at amortised cost (Note 22)	3,046,843	3,059,278
Finance lease receivables (Note 24)	179,855	204,302
Restricted cash (Note 25)	19,589	961,619
Fixed bank deposits (Note 25)	131,338	—
Cash and cash equivalents (Note 25)	821,606	2,572,275
Amounts due from related companies (Note 36)	887	10,324
Amounts due from investments accounted for using the equity method (Note 36)	62,421	—
	12,874,582	14,325,626
Financial assets at fair value		
Bills receivables at FVOCI (Note 22)	280,756	467,088
Securities private fund product (Note3.3(a))	58,243	50,847
	13,213,581	14,843,561
Financial Liabilities		
Financial Liabilities at amortised cost		
Trade and other payables excluding non-financial liabilities	6,403,697	5,251,513
Bills payables (Note 29)	1,035,623	2,399,871
Borrowings (Note 30)	11,640,054	9,573,355
Lease liabilities (Note 18)	903,341	920,751
Amounts due to related companies (Note 36)	1,852,132	1,505,829
	21,834,847	19,651,319

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	2024 RMB'000	2023 RMB'000 (Restated)
Assets			
Non-current assets			
Interests in subsidiaries		**1,599,209**	1,548,805
Current assets			
Amounts due from subsidiaries		**7,457,824**	6,469,035
Prepayments and other receivables		**8,525**	7,534
Cash and cash equivalents		**578**	2,050
Total current assets		**7,466,927**	6,478,619
Total assets		**9,066,136**	8,027,424
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital	26	**738,830**	723,002
Share premium	(a)	**5,595,254**	6,294,092
Share option reserve	(a)	**81,163**	80,721
Exchange reserve	(a)	**824,917**	545,748
Retained earnings	(a)	**1,823,411**	381,373
Total equity		**9,063,575**	8,024,936
Liabilities			
Current liabilities			
Accruals and other payables		**2,561**	2,488
Total current liabilities		**2,561**	2,488
Total equity and liabilities		**9,066,136**	8,027,424

The balance sheet of the Company was approved by the Board of Directors on 28 February 2025 and was signed on its behalf.

LEE Yin Yee, S.B.S.
Chairman and Non-Executive Director

LEE Shing Put, B.B.S
Vice Chairman, Chief Executive Officer and Executive Director

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note:

(a) Movement of share premium, other reserves and retained earnings of the Company

	Share premium RMB'000 (Restated)	Share option reserve RMB'000 (Restated)	Exchange reserve RMB'000 (Restated)	Retained earnings RMB'000 (Restated)
Year ended 31 December 2023 (Restated)				
Opening balance	7,071,419	44,037	376,382	1,000,485
Loss for the year	—	—	—	(7,059)
Currency transaction difference	—	—	169,366	—
Employees' share option scheme:				
– exercise of employees' share options	29,065	(5,397)	—	—
– value of employee services	—	42,081	—	—
2022 final dividend	(806,392)	—	—	—
2023 interim dividend	—	—	—	(612,053)
Closing balance	6,294,092	80,721	545,748	381,373

	Share premium RMB'000	Share option reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000
Year ended 31 December 2024				
Opening balance	6,294,092	80,721	545,748	381,373
Profit for the year	—	—	—	2,309,766
Currency transaction difference	—	—	279,169	—
Employees' share option scheme:				
– exercise of employees' share options	32,480	(6,236)	—	—
– value of employee services	—	6,678	—	—
Issuance of shares in respect of scrip dividend of 2023 final dividend and 2024 interim dividend	505,865	—	—	(40,143)
2023 final dividend	(1,237,183)	—	—	—
2024 interim dividend	—	—	—	(827,585)
Closing balance	5,595,254	81,163	824,917	1,823,411

The Cayman Islands law permits dividends or other distributions to be paid out of share premium.

39 EVENTS AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 31 December 2024 and up to the date of this annual report.

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Xinyi Solar Holdings Limited and its subsidiaries.

40.1 Subsidiaries

40.1.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and consolidated balance sheet respectively.

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.1 Subsidiaries (Continued)

40.1.1 Consolidation (Continued)

(a) Business combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interests in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Notes to the Consolidated Financial Statements

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.1 Subsidiaries (Continued)

40.1.1 Consolidation (Continued)

(b) Changes in ownership interests in subsidiaries without loss of control

The group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

(c) Changes in ownership interests in subsidiaries with loss of control

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

40.1.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

40.2 Associates

Associates are all entities over which the Group has significant influence but not control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.3 Joint arrangements

Under HKRFS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

40.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amounts of equity-accounted investments is tested for impairment in accordance with the policy described in Note 40.10.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

40.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is HK$. The consolidated financial statements are presented in RMB, which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses are presented in the consolidated income statement within "other losses – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

40.7 Property, plant and equipment

Freehold land is stated at historical cost less subsequent accumulated impairment losses.

Buildings comprise mainly factories and offices. Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and subsequent accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the replaced parts are derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.7 Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 40.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other losses – net" in the consolidated income statement.

40.8 Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

40.9 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units ("CGUs"), or Groups of CGUs, that is expected to benefit from the synergies of the combination. The CGUs or Group of CGUs to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Mining rights

Separately acquired mining licences are stated at historical cost less accumulated amortisation and impairment losses. The Group amortises mining licences with a finite useful life using the straight-line method over nine years.

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.9 Intangible assets (Continued)

(c) Softwares

Separately acquired softwares are stated at historical cost less accumulated amortisation and impairment losses. The Group amortises softwares with a finite useful life using the straight-line method over ten years.

40.10 Impairment of non-financial assets

Goodwill has an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

40.11 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Finance lease receivables are regarded as financial assets for the purpose of derecognition and impairment.

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.11 Financial assets (Continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial assets not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other losses – net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other losses – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other losses – net" and impairment expenses are presented as separate line item in the consolidated income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other losses – net" in the period in which it arises.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 set forth how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, finance lease receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For the other financial assets, expected credit losses are assessed according to change in credit quality since initial recognition, which is measured at either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

(e) Cash flows

The Group reports its financing and investing cash flows on a gross basis, except for cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short.

The Group enters into a series of discounting and endorsement agreements that transfers to a third party ("Transferee") its rights to cash to be collected from bills receivables in exchange for an immediate cash payment or a purchase of raw materials.

In a discounting arrangement where the Group de-recognises the discounted bills receivables and receives cash from the Transferee, the cash receipt is classified as an operating cash inflow, since the Group considers they has received cash in exchange for receivables that arose from its operating activities.

Where the Group continues to recognise the bills receivables, the amount received from the Transferee is recorded as a financial liability (the "Separate Financing Transaction"), and the cash received is classified as a financing cash inflow. Management considers that in substance the Transferee collects the bills receivable on the Group's behalf and retains the cash in settlement of the Separate Financing Transaction. The Group presents the cash inflows received from the Transferee as financing cash inflows and the subsequent payments by the debtor as both operating cash inflows and financing cash outflows respectively.

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.12 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

40.13 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

40.14 Contract assets and contract liabilities

A contract asset is an entity's right to consideration in exchange for goods or services that the Group has transferred to a customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis set out in Note 21.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration.

Contract assets and liabilities are offset, and the net amount reported in the consolidated balance sheet when they are attributable to the same counterparties.

40.15 Cash and cash equivalents and restricted cash

Cash and cash equivalents and restricted cash include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

Bank deposits which are restricted to use are included in 'Restricted cash'. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

40.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

40.18 Government grant

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are initially included in liabilities as deferred government grants and when such property, plant and equipment are built or purchased, the received government grants are netted off with cost of the related assets.

40.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.20 Current and deferred income tax (Continued)

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.20 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax liabilities are provided on taxable temporary differences arising from investment in a joint venture and associates, including the taxable temporary differences arising from undistributed profits, as the timing of the reversal of the temporary difference is not controlled by the Group.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, a joint venture and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred income taxes balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

40.21 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets as part of "other losses – net".

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated income statement. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, details are disclosed in Note 10.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.22 Employee benefits

(a) *Short-term obligations*

Liabilities for wages and salaries that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

(b) *Pension obligations*

The Group participates in a number of defined contribution plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant group companies. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) *Employees leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(d) *Bonus plans*

The Group recognises a liability and an expense for bonuses, based on a formula that take into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.23 Share-based payments

(a) *Equity-settled share-based payment transactions*

Share-based compensation benefits are provided to employees via the share option scheme. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price); and
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the entities revise their estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

(b) *Share-based payment transaction among group entities*

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

Notes to the Consolidated Financial Statements

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.24 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated balance sheet based on their nature.

40 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

40.25 Financial guarantee

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Company.

40.26 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profits attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Financial Summary

	Year ended 31 December				
	2024 RMB'000	2023 RMB'000 (Restated)	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)	2020 RMB'000 (Restated)
Result					
Revenue	**21,921,447**	24,163,667	17,677,633	13,353,793	10,984,555
Cost of sales	**(18,448,307)**	(17,697,502)	(12,383,144)	(7,492,702)	(5,120,046)
Gross profit	**3,473,140**	6,466,165	5,294,489	5,861,091	5,864,509
Profit before income tax	**1,935,298**	5,104,849	4,444,414	5,465,266	5,127,431
Income tax expense	**(526,227)**	(797,171)	(717,000)	(821,491)	(654,455)
Profit for the year	**1,409,071**	4,307,678	3,727,414	4,643,775	4,472,976
Profit attributable to:					
– the equity holders of the company	**1,008,233**	3,842,756	3,280,582	4,097,817	4,059,815
– non-controlling interest	**400,838**	464,922	446,832	545,958	413,161

	As at 31 December				
	2024 RMB'000	2023 RMB'000 (Restated)	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)	2020 RMB'000 (Restated)
Assets and Liabilities					
Total assets	**56,932,484**	55,071,845	45,245,349	40,119,921	36,445,250
Total liabilities	**22,524,612**	20,576,746	13,731,057	10,770,189	9,567,072
	34,407,872	34,495,099	31,514,292	29,349,732	26,878,178
Equity					
Equity attributable to equity holders of the Company	**29,051,790**	29,138,064	26,627,581	24,783,160	22,259,752
Non-controlling interests	**5,356,082**	5,357,035	4,886,711	4,566,572	4,618,426
	34,407,872	34,495,099	31,514,292	29,349,732	26,878,178