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XINYI SOLAR HOLDINGS LIMITED
信 義 光 能 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00968)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	Year Ended 31 December		
	2023	2022	Change
	HK$ million	*HK$ million*	
Revenue	**26,628.8**	20,544.0	+29.6%
Profit attributable to equity holders of the Company	**4,187.1**	3,820.1	+9.6%
Earnings per share - Basic	**47.04 HK cents**	42.95 HK cents	+9.5%
Proposed final dividend per share	**15.0 HK cents**	10.0 HK cents	

The Board (the "**Board**") of Directors (the "**Directors**") of Xinyi Solar Holdings Limited (the "**Company**" together with its subsidiaries, the "**Group**" or "**Xinyi Solar**") announces the audited consolidated results of the Group for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022, as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**2023**	2022
		HK$'000	*HK$'000*
Revenue	3	**26,628,754**	20,544,041
Cost of sales	6	**(19,539,056)**	(14,385,531)
Gross profit		**7,089,698**	6,158,510
Other income	4	**370,149**	240,035
Other (losses)/gains – net	5	**(247,386)**	43,282
Selling and marketing expenses	6	**(106,062)**	(91,312)
Administrative and other operating expenses	6	**(1,203,556)**	(979,181)
Net impairment losses on financial and contract assets		**(10,070)**	(53,641)
Operating profit		**5,892,773**	5,317,693
Finance income	7	**34,315**	30,866
Finance costs	7	**(383,760)**	(198,392)
Share of net profits of investments accounted for using the equity method		**28,106**	30,811
Profit before income tax		**5,571,434**	5,180,978
Income tax expense	8	**(870,888)**	(835,212)
Profit for the year		**4,700,546**	4,345,766
Profit for the year attributable to:			
– the equity holders of the Company		**4,187,127**	3,820,144
– non-controlling interests		**513,419**	525,622
		4,700,546	4,345,766
Earnings per share attributable to the equity holders of the Company			
(Expressed in HK cents per share)			
– Basic	10(a)	**47.04**	42.95
– Diluted	10(b)	**47.03**	42.87

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	HK$'000	*HK$'000*
Profit for the year	**4,700,546**	4,345,766
Other comprehensive income for the year, net of tax:		
Items that will not be reclassified to profit or loss		
Currency translation differences	**(152,829)**	(814,009)
Items that may be reclassified to profit or loss		
Currency translation differences	**(421,137)**	(2,856,868)
Share of other comprehensive loss of investments accounted for using the equity method		
– Share of currency translation differences	**(22,907)**	(24,929)
Total comprehensive income for the year	**4,103,673**	649,960
Total comprehensive income for the year attributable to:		
– the equity holders of the Company	**3,743,083**	938,347
– non-controlling interests	**360,590**	(288,387)
	4,103,673	649,960

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	**2023** *HK$'000*	2022 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**36,559,996**	27,437,887
Right-to-use assets		**2,362,465**	2,166,912
Intangible assets		**31,379**	21,477
Prepayments for land use rights and property, plant and equipment	12	**947,022**	1,124,167
Finance lease receivables		**211,089**	219,820
Investments accounted for using the equity method		**342,415**	356,390
Deferred income tax assets		**156,995**	140,308
Total non-current assets		**40,611,361**	31,466,961
Current assets			
Inventories		**2,097,703**	2,029,241
Contract assets		**33,493**	41,710
Trade receivables	11	**8,082,532**	7,215,736
Bills receivables at amortised cost	11	**3,356,312**	2,351,187
Bills receivables at fair value through other comprehensive income	11	**512,439**	858,689
Financial assets at fair value through profit or loss		**55,784**	—
Prepayments, deposits and other receivables	12	**1,778,485**	1,018,466
Finance lease receivables		**13,049**	12,035
Current tax assets		**3,501**	101,814
Amounts due from related companies		**11,326**	8,403
Amount due from investments accounted for using the equity method		**—**	100,371
Restricted cash	13	**1,054,985**	44,731
Cash and cash equivalents		**2,822,024**	5,325,714
Total current assets		**19,821,633**	19,108,097
Total assets		**60,432,994**	50,575,058

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2023

	Note	2023 HK$'000	2022 HK$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**890,325**	889,624
Share premium and other reserves		**10,097,154**	10,931,450
Retained earnings		**20,987,096**	17,927,338
		31,974,575	29,748,412
Non-controlling interests		**5,883,832**	5,482,965
Total equity		**37,858,407**	35,231,377
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**192,787**	174,962
Borrowings	15	**3,620,088**	3,674,172
Lease liabilities		**924,889**	830,342
Other payables	14	**614,221**	53,849
Total non-current liabilities		**5,351,985**	4,733,325
Current liabilities			
Borrowings	15	**6,882,769**	4,358,088
Trade, bills and other payables	14	**8,307,187**	5,421,742
Contract liabilities		**84,027**	109,656
Lease liabilities		**85,261**	50,051
Amounts due to related companies		**1,652,034**	450,205
Current income tax liabilities		**211,324**	220,614
Total current liabilities		**17,222,602**	10,610,356
Total liabilities		**22,574,587**	15,343,681
Total equity and liabilities		**60,432,994**	50,575,058

NOTES:

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set forth below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 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.

(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 2023:

– Insurance Contracts (new standard) - HKFRS 17

– Amendments to HKFRS 17

– Comparative Information – Initial Application of HKFRS 17 and HKFRS 9

– Definition of Accounting Estimates – amendments to HKAS 8

– International Tax Reform – Pillar Two Model Rules – amendments to HKAS 12

– Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to HKAS 12

– Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2

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 amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
HKAS 1	Classification of Liabilities as Current or Non-current (amendments)	1 January 2024
HKAS 1	Non-current Liabilities with Covenants (amendments)	1 January 2024
HK Int 5 (Revised)	Hong Kong Interpretation (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	1 January 2024
HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)	1 January 2024
HKAS 21	Lack of Exchangeability (amendments)	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

3 Revenue and segment information

Revenues recognised during the year are as follows:

	2023	2022
	HK$'000	*HK$'000*
Sales of solar glass	**23,532,916**	17,655,075
Solar farm business		
– Sales of electricity	**1,742,806**	1,660,645
– Tariff adjustment	**1,227,666**	1,425,535
Less: Deduction of tariff adjustment (Note (i))	**—**	(341,793)
	2,970,472	2,744,387
Others		
– Engineering, procurement and construction ("**EPC**") services	**44,160**	57,619
– Sales of mining products	**81,206**	86,960
	125,366	144,579
Total revenue	**26,628,754**	20,544,041

Note:

(i) Pursuant to "Notice on clarification of policy interpretation with regards to verification of eligibility for the renewable energy power generation subsidy" (the "**Notice**") issued on 8 October 2022, some solar farm projects of the Group may be subject to possible deduction of revenue recognised from tariff adjustment in accordance with the requirements and conditions for the entitlement of the tariff subsidy as set out in the Notice. During the year ended 31 December 2022, the Group performed a reassessment on the estimation of revenue recognised from tariff adjustment as required by the prevailing rules and regulations and recognised the amount of deduction of approximately HK$341,793,000 as a reduction of revenue on a cumulative basis. During the year ended 31 December 2023, there is no change in relevant rules and regulations. The estimation basis for tariff adjustment has been consistently applied by the Group during the year ended 31 December 2023 and no reduction adjustment was considered necessary for the year ended 31 December 2023.

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 2023, 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 "Others Segment" and "Unallocated" mainly include polysilicon business (which is still under development and construction), EPC services and sales of mining products are not a core business of the Group.

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

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

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

	Year ended 31 December 2023					
	Sales of solar glass	**Solar farm business**	**Other segment**	**Unallocated**	**Inter-segment**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue						
Recognised at a point in time	**23,532,916**	**2,970,472**	**—**	**81,206**	**—**	**26,584,594**
Recognised over time	**—**	**—**	**—**	**44,160**	**—**	**44,160**
Revenue from external customers	**23,532,916**	**2,970,472**	**—**	**125,366**	**—**	**26,628,754**
Cost of sales	**(18,499,316)**	**(934,623)**	**—**	**(105,117)**	**—**	**(19,539,056)**
Gross profit	**5,033,600**	**2,035,849**	**—**	**20,249**	**—**	**7,089,698**
Segment revenue by geographical area						
Mainland China	**18,114,917**	**2,966,871**	**—**	**93,159**	**—**	**21,174,947**
Other areas in Asia	**4,496,036**	**—**	**—**	**—**	**—**	**4,496,036**
North America and Europe	**903,886**	**3,601**	**—**	**32,207**	**—**	**939,694**
Others	**18,077**	**—**	**—**	**—**	**—**	**18,077**
	23,532,916	**2,970,472**	**—**	**125,366**	**—**	**26,628,754**

	Year ended 31 December 2022				
	Sales of solar glass *HK$'000*	Solar farm business *HK$'000*	Unallocated *HK$'000*	Inter-segment *HK$'000*	Total *HK$'000*
Segment revenue					
Recognised at a point in time	17,655,075	2,744,387	86,960	—	20,486,422
Recognised over time	—	—	57,619	—	57,619
Revenue from external customers	17,655,075	2,744,387	144,579	—	20,544,041
Cost of sales	(13,461,736)	(811,121)	(112,674)	—	(14,385,531)
Gross profit	4,193,339	1,933,266	31,905	—	6,158,510
Segment revenue by geographical area					
Mainland China	13,463,708	2,741,072	93,964	—	16,298,744
Other areas in Asia	3,233,699	—	—	—	3,233,699
North America and Europe	903,826	3,315	50,615	—	957,756
Others	53,842	—	—	—	53,842
	17,655,075	2,744,387	144,579	—	20,544,041

	Other segment information					
	Sales of solar glass ***HK$'000***	**Solar farm business** ***HK$'000***	**Other segment** ***HK$'000***	**Unallocated** ***HK$'000***	**Inter-segment** ***HK$'000***	**Total** ***HK$'000***
Year ended 31 December 2023						
Depreciation charge of property, plant and equipment	**1,022,279**	**704,356**	**2,230**	**3,696**	**—**	**1,732,561**
Depreciation charge of right-of-use assets	**29,896**	**58,927**	**16**	**1,359**	**—**	**90,198**
Amortisation charges of intangible assets	**729**	**—**	**—**	**1,494**	**—**	**2,223**
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	**4,791,884**	**3,480,163**	**3,550,019**	**44,109**	**—**	**11,866,175**
Year ended 31 December 2022						
Depreciation charge of property, plant and equipment	837,267	645,047	—	6,263	—	1,488,577
Depreciation charge of right-of-use assets	16,820	45,158	—	1,763	—	63,741
Amortisation charge of intangible assets	—	—	—	1,629	—	1,629
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	4,226,194	2,193,145	—	832,366	—	7,251,705

	Assets and liabilities					
	Sales of solar glass	Solar farm business	Other segment	Unallocated	Inter-segment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2023						
Total assets	**32,377,803**	**25,125,177**	**5,854,236**	**2,568,669**	**(5,492,891)**	**60,432,994**
Total liabilities	**9,714,362**	**10,722,360**	**5,277,708**	**2,353,048**	**(5,492,891)**	**22,574,587**
At 31 December 2022						
Total assets	28,983,655	22,701,333	—	3,600,664	(4,710,594)	50,575,058
Total liabilities	4,810,770	11,335,965	—	3,907,540	(4,710,594)	15,343,681

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

	Assets		Liabilities	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets/(liabilities)	**63,357,216**	51,684,988	**(25,714,430)**	(16,146,735)
Unallocated items:				
Property, plant and equipment	**67,652**	99,480	**—**	—
Right-of-use assets	**49,914**	152,554	**—**	—
Intangible assets	**8,802**	10,440	**—**	—
Prepayments for land use rights and property, plant and equipment	**25,536**	672,155	**—**	—
Finance lease receivables	**224,138**	231,855	**—**	—
Investments accounted for using the equity method	**342,415**	356,390	**—**	—
Inventories	**8,785**	10,123	**—**	—
Trade and bills receivable	**10,420**	6,401	**—**	—
Prepayments, deposit and other receivables	**27,884**	19,370	**—**	—
Contract assets	**7,939**	41,710	**—**	—
Amounts due from related companies	**1,751,945**	1,752,924	**—**	—
Amount due from investments accounted for using the equity method	**—**	100,371	**—**	—
Restricted cash	**—**	44,731	**—**	—
Cash and cash equivalents	**29,456**	93,327	**—**	—
Deferred income tax assets	**13,783**	8,833	**—**	—
Trade, bills and other payables	**—**	—	**(119,730)**	(166,162)
Contract liabilities	**—**	—	**(7,880)**	(8,196)
Current income tax liabilities	**—**	—	**(2,841)**	(1,823)
Lease liabilities	**—**	—	**(2,684)**	(1,333)
Amounts due to related companies	**—**	—	**(155,311)**	(711,643)
Deferred income tax liabilities	**—**	—	**(15,263)**	(15,051)
Borrowings	**—**	—	**(2,049,339)**	(3,003,332)
Inter-segment eliminating	**(5,492,891)**	(4,710,594)	**5,492,891**	4,710,594
Total assets/(liabilities)	**60,432,994**	50,575,058	**(22,574,587)**	(15,343,681)

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

	2023	2022
	HK$'000	*HK$'000*
Segment gross profit	**7,069,449**	6,126,605
Other gross profit	**20,249**	31,905
Total gross profit	**7,089,698**	6,158,510
Other unallocated items:		
Other income	**370,149**	240,035
Other (losses)/gains- net	**(247,386)**	43,282
Selling and marketing expenses	**(106,062)**	(91,312)
Administrative and other operating expenses	**(1,203,556)**	(979,181)
Net impairment losses on financial and contract assets	**(10,070)**	(53,641)
Finance income	**34,315**	30,866
Finance costs	**(383,760)**	(198,392)
Share of net profits of investments accounted for using the equity method	**28,106**	30,811
Profit before income tax	**5,571,434**	5,180,978

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

Revenue of approximately HK$4,489,945,000 (2022: HK$2,871,379,000) and HK$3,979,095,000 (2022: HK$2,791,384,000) were derived from customer A and customer B from solar glass business, which separately accounted for more than 10% of the Group's revenue for the year ended 31 December 2023 and 2022.

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:

	2023	2022
	HK$'000	*HK$'000*
Mainland China	**38,275,565**	29,594,409
Others	**1,967,712**	1,512,424
	40,243,277	31,106,833

4 Other income

	2023	2022
	HK$'000	*HK$'000*
Government grants (Note (i))	**249,662**	140,622
Scrap sales (Note (ii))	**73,968**	60,018
Tariff adjustments for electricity generation from self-used solar power system	**17,499**	18,102
Rental income	**5,718**	2,913
Others (Note (iii))	**23,302**	18,380
	370,149	240,035

Notes:

(i) Government grants mainly represent grants received from The People's Republic of China (the "**PRC**") government in subsidising the Group's certain operating costs and general operations.

(ii) Scrap sales were shown in net amount with the other income at HK$207,055,000 (2022: HK$170,460,000) and other expenses at HK$133,087,000 (2022: HK$110,442,000).

(iii) It mainly represents compensation of insurance claims and other miscellaneous income.

5 Other (losses)/gains - net

	2023	2022
	HK$'000	*HK$'000*
Net fair value gains on financial assets at fair value through profit or loss	**30,020**	94,695
Foreign exchange losses, net (Note)	**(190,474)**	(19,378)
Impairment losses on property, plant and equipment	**—**	(15,277)
Losses on disposal of bills receivables at FVOCI	**(55,893)**	(12,146)
Losses on disposal of property, plant and equipment and early termination of lease, net	**(31,039)**	(4,612)
	(247,386)	43,282

Note:

During the year ended 31 December 2023, foreign exchange losses, net included foreign exchange losses of HK$169,574,000 reclassified from exchange reserve upon termination of RMB-denominated capital loan between Group companies.

6 Expenses by nature

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

	2023	2022
	HK$'000	*HK$'000*
Auditor's remuneration - audit services	**3,767**	3,587
Amortisation charge of intangible assets	**2,223**	1,629
Depreciation charge of property, plant and equipment	**1,732,561**	1,488,577
Depreciation charge of right-of-use assets	**90,198**	63,741
Employee benefit expenses (including directors' emoluments)	**1,164,617**	951,292
Cost of inventories	**15,794,861**	11,176,976
Other direct operating cost of solar farm	**86,760**	65,995
Construction contracts costs	**26,956**	41,161
Impairment losses on inventories	**1,554**	27,331
Payments in relation to short term leases of land and buildings	**6,067**	6,648
Transportation costs	**720,838**	675,027
Research and development expenditures	**766,521**	561,890
Taxes and levies	**192,400**	143,813
Other expenses	**259,351**	248,357
	20,848,674	15,456,024

7 Finance income and costs

	2023	2022
	HK$'000	*HK$'000*
Finance income		
Interest income from bank deposits	**34,315**	30,866
Finance costs		
Interest for lease liabilities	**65,810**	50,868
Interest on borrowings	**445,725**	216,932
Less: Amounts capitalised on qualifying assets	**(127,775)**	(69,408)
	383,760	198,392

8 Income tax expense

	2023	2022
	HK$'000	*HK$'000*
Current income tax		
– PRC corporate income tax ("**CIT**") (Note (iii))	**801,489**	782,136
– Overseas income tax (Note (iv))	**83,177**	20,251
– PRC withholding tax	**3,034**	8,931
– Overprovision in prior years	**(21,882)**	(5,188)
	865,818	806,130
Deferred income tax (Note (iv))	**5,070**	29,082
Income tax expense	**870,888**	835,212

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 (2022: same).

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

– As at 31 December 2023, three subsidiaries engaging in solar glass business (2022: three) and a subsidiary engaging in solar farm business (2022: one) are qualified as "High and New Technology Enterprise" and can enjoy a preferential CIT rate of 15% (2022: 15%).

– As at 31 December 2023 and 2022, two subsidiaries engaging in solar glass business (2022: one), a subsidiary engaging in solar farm business (2022: one), a subsidiary engaging in mining products business (2022: nil) and a subsidiary engaging in silicon products business (2022: nil) (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% (2022: 15%).

  Three of the Encouraged Subsidiaries (2022: two) 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% (2022: 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% (2022: 25%).

(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% (2022: 24%).

9 Dividends

	2023	2022
	HK$'000	*HK$'000*
Interim dividend of 7.5 HK cents (2022: 10.0 HK cents) per share (Note (a))	**667,743**	889,562
Proposed final dividend of 15.0 HK cents (2022: 10.0 HK cents) per share (Note (b))	**1,335,488**	890,254

Notes:

(a) An interim dividend for the six months ended 30 June 2023 of 7.5 HK cents (2022: 10.0 HK cents) per share was paid in cash whose names appeared on the Register of Members of the Company on 17 August 2023 (2022: 17 August 2022).

(b) A final dividend in respect of the year ended 31 December 2023 of 15.0 HK cents per share (2022: 10.0 HK cents), amounting to a total dividend of HK$1,335,488,000 (2022: HK$890,254,000) is to be proposed at the forthcoming annual general meeting. The amount of 2023 proposed final dividend is based on 8,903,250,838 shares in issue as at 31 December 2023. These consolidated financial statements do not reflect the proposed final dividend for the year ended 31 December 2023.

10 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.

	2023	2022
Profit attributable to equity holders of the Company (HK$'000)	**4,187,127**	3,820,144
Weighted average number of shares in issue (thousands)	**8,901,738**	8,894,405
Basic earnings per share (HK cents)	**47.04**	42.95

(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.

	2023	2022
Profit attributable to equity holders of the Company (HK$'000)	**4,187,127**	3,820,144
Weighted average number of ordinary shares in issue (thousands)	**8,901,738**	8,894,405
Adjustments for share options (thousands)	**1,954**	16,116
	8,903,692	8,910,521
Diluted earnings per share (HK cents)	**47.03**	42.87

Note: Share options granted by a subsidiary of the Group, Xinyi Energy Holdings Limited ("**Xinyi Energy**") during the year ended 31 December 2023 has no dilution impact on earnings per share (2022: immaterial dilution impact).

11 Trade and bills receivables

	2023 **HK$'000**	2022 HK$'000
Trade receivables (Note (a))	**8,140,310**	7,267,050
Less: Loss allowance (Note (b))	**(57,778)**	(51,314)
Trade receivables, net	**8,082,532**	7,215,736
Bills receivables at amortised cost (Note (c))	**3,360,613**	2,353,144
Less: Loss allowance	**(4,301)**	(1,957)
Bills receivables at amortised cost, net	**3,356,312**	2,351,187
Bills receivables at FVOCI	**512,439**	858,689

Notes:

(a) Trade receivables

Breakdown of trade receivables by segment is as follows:

	Sales of solar glass *HK$'000*	Solar farm Business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
At 31 December 2023				
Sales of solar glass	**3,465,208**	**—**	**—**	**3,465,208**
Sales of electricity	**—**	**234,801**	**—**	**234,801**
Tariff adjustment	**—**	**4,416,570**	**—**	**4,416,570**
Other service revenue	**—**	**—**	**23,731**	**23,731**
Total	**3,465,208**	**4,651,371**	**23,731**	**8,140,310**
At 31 December 2022				
Sales of solar glass	3,483,978	—	—	3,483,978
Sales of electricity	—	152,089	—	152,089
Tariff adjustment	—	3,614,662	—	3,614,662
Other service revenue	—	—	16,321	16,321
Total	3,483,978	3,766,751	16,321	7,267,050

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:

	2023 *HK$'000*	2022 *HK$'000*
0 to 90 days	**8,086,733**	7,123,702
91 days to 180 days	**32,609**	124,928
181 days to 365 days	**9,361**	9,357
1 to 2 years	**5,210**	234
Over 2 years	**6,397**	8,829
	8,140,310	7,267,050

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

	2023	2022
	HK$'000	*HK$'000*
0 to 90 days	**462,099**	450,950
91 days to 180 days	**413,225**	442,087
181 days to 365 days	**674,886**	708,047
1 to 2 years	**1,007,636**	1,069,889
Over 2 years	**2,093,525**	1,095,778
	4,651,371	3,766,751

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

	2023	2022
	HK$'000	*HK$'000*
Renminbi ("**RMB**")	**7,849,759**	6,947,075
US dollar ("**US$**")	**224,640**	296,208
Other currencies	**65,911**	23,767
	8,140,310	7,267,050

(b) 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.

The closing loss allowances for trade receivables of the Group as at 31 December 2023 reconcile to the opening loss allowances as follows:

	2023	2022
	HK$'000	*HK$'000*
Loss allowance as at 1 January	**51,314**	10,049
Provision/(Reversal) of loss allowance recognised in consolidated income statement – net	**9,805**	42,568
Receivables written off during the year as uncollectible	**—**	(516)
Currency translation differences	**(3,341)**	(787)
Loss allowance as at 31 December	**57,778**	51,314

(c) The maturity of bills receivables at amortised cost is within 1 year. As at 31 December 2023, bills receivables of HK$5,485,000 (2022: HK$14,303,000) was pledged as collaterals for obtaining letter of credit facilities in the PRC.

Bills receivables of HK$20,845,000 (2022: nil) was pledged as collaterals for obtaining bank acceptance bill.

Bill receivables of HK$1,095,999,000 (2022: HK$75,148,000) was transferred to banks for obtaining bank borrowings. The carrying amounts of bills receivables are denominated in RMB.

12 Prepayments, deposits and other receivables

	2023	2022
	HK$'000	*HK$'000*
Prepayments	**1,467,444**	1,544,814
Deposits and other receivables	**168,769**	315,380
Other tax receivables (Note)	**1,092,841**	287,691
	2,729,054	2,147,885
Less: Non-current portion:		
Prepayments for land use rights and property, plant and equipment	**(947,022)**	(1,124,167)
Current portion	**1,782,032**	1,023,718
Less: Provision for impairment	**(3,547)**	(5,252)
	1,778,485	1,018,466

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

13 Restricted Cash

	2023	2022
	HK$'000	*HK$'000*
Pledged bank deposits for obtaining letter of credit facilities	**1,043,096**	44,731
Cash at bank with limited use purpose	**11,889**	—
	1,054,985	44,731

14 Trade, bills and other payables

	2023	2022
	HK$'000	*HK$'000*
Trade payables (Note (a))	**1,650,230**	1,664,697
Bills payables (Note (b))	**2,632,882**	873,254
Trade and bills payables (Note (c))	**4,283,112**	2,537,951
Accruals and other payables (Note (d))	**4,024,075**	2,883,791
Current portion	**8,307,187**	5,421,742
Deferred government grants (Note (e))	**142,622**	—
Retention payables for construction of solar farms	**471,599**	53,849
Non-current portion	**614,221**	53,849

Notes:

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

	2023	2022
	HK$'000	*HK$'000*
0 to 90 days	**1,350,482**	1,501,983
91 days to 180 days	**275,107**	92,519
181 days to 365 days	**16,948**	51,669
Over 1 year	**7,693**	18,526
	1,650,230	1,664,697

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

(c) The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	2023	2022
	HK$'000	*HK$'000*
RMB	**4,171,725**	2,423,769
Other currencies	**111,387**	114,182
	4,283,112	2,537,951

(d) Details of accruals and other payables are as follows:

	2023	2022
	HK$'000	*HK$'000*
Payables for property, plant and equipment	**3,361,499**	2,137,892
Accruals for employee benefits and welfare	**222,253**	200,845
Payables for transportation costs and other operating expenses	**155,548**	116,540
Provision for value added tax and other taxes in the PRC	**162,265**	242,711
Payables for utilities	**44,636**	94,273
Others	**77,874**	91,530
	4,024,075	2,883,791

(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, bills payables approximate their fair values.

15 Borrowings

	2023	2022
	HK$'000	*HK$'000*
Unsecured borrowings	**10,500,688**	8,032,260
Secured borrowings	**2,169**	—
Total borrowings	**10,502,857**	8,032,260

As at 31 December, the Group's borrowings were repayable as follows:

	2023	2022
	HK$'000	*HK$'000*
Repayable on demand and within 1 year	**6,882,769**	4,358,088
Between 1 and 2 years	**1,730,271**	2,644,901
Between 2 and 5 years	**1,015,237**	1,029,271
Over 5 years	**874,580**	—
	10,502,857	8,032,260
Less: Non-current portion	**(3,620,088)**	(3,674,172)
Current portion	**6,882,769**	4,358,088

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2023	2022
	HK$'000	*HK$'000*
RMB	**3,552,049**	75,148
Hong Kong dollar ("**HK$**" or "**HKD**")	**6,950,808**	7,957,112
	10,502,857	8,032,260

16 Transaction with non-controlling interests

Change of equity interest in Xinyi Energy

On 1 June 2023, Xinyi Energy allotted 744,040,025 rights shares on the basis of one rights share for every ten shares in issue at an issue price of HK$2.19 per rights share ("**Rights Issue**"). The Rights Issue was fully subscribed. Gross proceeds and net proceeds, amounting to HK$1,629.5 million and HK$1,627.8 million respectively, were received by Xinyi Energy. Upon completion of the Rights Issue, an aggregate of 516,583,042 rights shares were allotted and received by Xinyi Power (BVI) Limited ("**Xinyi Power**"), a wholly-owned subsidiary of the Company, which increased the Company's indirect equity interest in Xinyi Energy from 49.03% to 50.89%. In relation to the Rights Issue, the Group recognised a decrease in equity attributable to owners of the Company of HK$104,734,000 and an increase in non-controlling interests of HK$602,358,000.

In addition to the above, the Company's indirect interest in Xinyi Energy increased from 50.89% to 51.60% after taking into account the following transactions with non-controlling interests:

i) In August 2023, the Company, through a wholly-owned subsidiary, purchased 53,360,000 shares of Xinyi Energy at a consideration of HK$103,033,000 in the open market ("**Share purchase**").

ii) In relation to the settlement of final dividend for the year ended 31 December 2022 and interim dividend for the six months ended 30 June 2023 by Xinyi Energy ("**XYE Dividend Settlement**"), dividend in cash and scrip shares received by Xinyi Power are set forth as follows:

	Xinyi Power	**Non-controlling interests**	**Total**
Cash received (HK$'000)			
– Final dividend for the year ended 31 December 2022	288,186	244,945	533,131
– Interim dividend for the six months ended 30 June 2023	71,707	127,149	198,856
Scrip shares received ('000)			
– Final dividend for the year ended 31 December 2022	—	24,656	24,656
– Interim dividend for the six months ended 30 June 2023	42,430	5,057	47,487

Disposal of Solar Farms to Xinyi Energy

During the year ended 31 December 2023, the Group completed the disposals 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.

		% of equity interest held			Approved grid-
Date of disposal	**Company**	**Before disposal**	**After disposal**	**Cash consideration**	**connected capacity**
				HK$ million	***MW***
February 2023	Xinyi Solar (Haikou) Limited and Xinchuang Green Agriculture (Haikou) Limited	100%	49.03%	146.2	300
September 2023	Xinyi Renewable Energy (Hexian) Limited	100%	51.38%	52.9	102
September 2023	Xinze Renewable Energy (Kaiping) Limited	100%	51.38%	101.4	150
December 2023	Wuhu Xinfu Renewable Energy Limited	100%	51.60%	20.0	84.5

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 2023 is summarised as follows:

	Rights Issue	**Share purchase**	**XYE Dividend Settlement**	**Solar Farm Disposal**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
(Decrease)/increase in equity attributable to equity holders of the Company	(104,734)	(28,528)	3,628	92,966	(36,668)
Increase/(decrease) in non-controlling interests	602,358	(74,505)	(3,628)	(116,580)	407,645
Increase/(decrease) in total equity	497,624	(103,033)	—	(23,614)	370,977

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The performance of the Group's solar glass business was impacted by the high raw material and energy costs and the low average selling prices ("**ASP**") in the first half of 2023 (the "**1H2023**"), but showed a significant turnaround in the second half of the year. The sharp decline in the polysilicon and solar module prices in the second quarter triggered the acceleration of downstream installation demand in the second half of 2023 (the "**2H2023**"). Coupled with a gradual slowdown in the increase in the new solar glass capacity, the above factors have resulted in a marked improvement in the supply and demand dynamics in the solar glass market. With a significant improvement in gross profit margin in the 2H2023 and the increase in the annual sales volume, the Group's solar glass business has an increase in gross profit contribution in 2023 compared to 2022. As for the solar farm business, the Group achieved a record high in the annual new grid connection in 2023 and completed the grid connection of projects with an aggregate approved grid connected capacity of 1,094 megawatts ("**MW**") during the year, of which 974 MW was utility-scale ground-mounted projects and 120 MW was distributed generation projects.

In 2023, the Group's revenue amounted to HK$26,628.8 million, representing an increase of 29.6% as compared to 2022. Profit attributable to equity holders of the Company increased by 9.6% to HK$4,187.1 million. Basic earnings per share for 2023 were 47.04 HK cents, compared to 42.95 HK cents for 2022. A final dividend of 15.0 HK cents per share has been proposed, subject to approval by the shareholders (the "**Shareholders**") of the Company at the forthcoming annual general meeting (the "**AGM**").

BUSINESS REVIEW

Global PV installations recorded unprecedented growth

Global photovoltaic ("**PV**") installation witnessed an unprecedented growth in 2023, fueled by a combination of factors such as energy transition and significant cost reductions. On the demand side, the growing geopolitical tensions and the threat of energy crisis have made the solar energy to be widely adopted by different countries to achieve energy security and reduce the risk of the cost volatility. On the cost side, the polysilicon supply bottleneck in the solar value chain has been resolved with the gradual increase in the new production capacity. Since mid-2023, the polysilicon and the PV module prices have started to fall sharply, putting installation costs back on a downward trajectory.

Most of the world's major PV markets experienced a strong growth in the 2H2023 as a result of the a significant drop in installation costs. Projects previously delayed due to high PV module prices have been resumed, and new projects have accelerated due to the improved investment returns. However, given the long-term, capital-intensive nature of PV projects, continued high interest rates, macroeconomic uncertainty and complex geopolitical, trade and economic relations may continue to affect future project development and implementation timelines.

In terms of the market distribution, the global PV installations continued to show diversified development in 2023. Although the installation markets were dominated by China, the European Union ("**EU**"), the United States ("**US**"), India and Brazil, the number of countries with the annual new installations exceeding 1 gigawatt ("**GW**") has been increased. Although the installed capacity in some countries was affected by the changes in the government policies and/or other factors, global installed capacity continued to grow rapidly as other markets emerged as complements.

China continued to lead global PV development in terms of installation demand, technological innovation and cost improvement

In 2023, China continued to play an important role in the global PV development. Its comprehensive solar value chain continued to contribute to the global solar energy applications in terms of cost reduction and technological innovation. In addition to being the manufacturing hub of the global solar industry, China is also the world's largest market of new annual PV installations.

According to the statistics published by the National Energy Administration ("**NEA**"), the newly installed PV capacity in China increased 148.1% year-on-year to 216.88 GW in 2023. The new PV installations in the 1H2023 and 2H2023 amounted to 78.42 GW and 138.46 GW, respectively. The higher installation growth in the 2H2023 was mainly driven by the significant decrease in installation costs.

In 1H2023, the procurement and construction of many PV projects in China remained on hold due to the relatively high installation costs. New installations in this period came mainly from projects with lower price sensitivity and government policy support, such as distributed generation projects and mega PV power bases in desert areas. The surge in the downstream PV installations in the 2H2023 was primarily attributable to the significant drop in the module costs. Over the past two years, the production capacity of the entire PV value chain, including polysilicon, silicon wafers, batteries, modules and auxiliary materials, has significantly expanded, which intensified the industry competition. In addition to the new capacity additions by the existing solar companies, non-solar companies have also made cross-industry investments. The increase in the supply led to increased competition in the industry. Another factor driving down the solar module prices is technological progress. The N-type solar modules are generally more efficient than the P-type solar modules and are therefore becoming increasingly popular. The mass production of the N-type solar modules has led to economies of scale and reduction in the production costs and further reduction in the prices of the P-type solar modules.

Significant improvement in solar glass gross margins in the 2H2023

In 1H2023, the lower ASP and high raw material and energy costs depressed the gross margin of the Group's solar glass segment. This situation improved significantly in the 2H2023, with the gross profit margin rising from 15.2% in the first half to 26.4% in the second half. The segment gross margin in 2023 was only slightly lower than 2022.

New capacity additions in the solar glass industry were lower in 2023 than in 2022, mainly due to stricter government approvals, lower returns on investment and financing difficulties. Nevertheless, the actual effective capacity increase in 2023 remains significant, as some of the capacity added in 2022 gradually reached full capacity in 2023. This increase in capacity resulted in a more competitive solar glass market.

In the 1H2023, solar glass manufacturers faced the double pressure of rising costs and limited price increases for the finished products. Industry supply had increased significantly over the previous two years, but the high module prices suppressed the downstream installation demand. The sharp fall in the polysilicon and solar module prices in the second quarter of 2023 marked a turning point in the market's evolution. The supply-demand dynamics for the solar glass market improved steadily in the 2H2023, amid a rapid increase in downstream installation demand and a gradual slowdown in industry capacity growth. The solar glass market shifted from a relatively abundant supply to a more balanced supply.

Compared to the previous years, the prices for solar glass products were less volatile in 2023. With the exception of a more pronounced upward trend in the third quarter, the prices were fluctuating within a narrow range for the remaining months of the year. Overall, the ASP increased slightly in the 2H2023 compared to the 1H2023 due to a better balance between supply and demand. On the cost side, energy and raw material procurement costs remained high or even increased slightly in the first quarter. Soda ash and natural gas prices showed some declines in the second quarter. Although the prices rebounded to a certain degree in the 2H2023, the overall cost pressures in the 2H2023 were much lower than in the 1H2023.

In order to be better positioned in the increasingly competitive market, the Group implemented a series of targeted measures in 2023. On the sales front, the Group adopted a flexible marketing strategy to accelerate inventory turnover, created product differentiation and further improved product quality. In terms of cost control, the Group upgraded capacity and facilities, improved technology, increased yield rates, reduced energy consumption and optimised production and logistics processes.

The higher ASP, reduced cost pressure and improved operational efficiency resulted in a significant improvement in the Group's gross margin in the 2H2023 compared to the 1H2023.

Capacity expansion to capture market growth and diversification of production bases

In addition to the improved gross margin, the Group also achieved a rapid profit growth by increasing its sales volume. The Group's solar glass sales volume (in tonnage) increased by around 20.3% in the 2H2023 compared to the 1H2023. Leveraging its newly added production capacity and strong market presence, the Group increased its inventory turnover and achieved year-on-year growth of 49.3% in solar glass sales volume (in tonnage) and 33.3% in solar glass revenue in 2023.

Timely capacity expansion not only enabled the Group to capture global market growth, but also reinforced its market-leading position. By the end of 2023, the Group's daily melting capacity of solar glass reached 25,800 tonnes, an increase of 6,000 tonnes compared to the beginning of the year. The additional capacity consisted of six production lines with a daily melting capacity of 1,000 tonnes each, with a commissioning schedule of two lines in 1H2023 and four lines in 2H2023.

In 2023, the Group also actively conducted feasibility studies at various locations in China and overseas to identify suitable sites for capacity expansion in preparation for future sustainable development. A wider distribution of production capacity can better meet the needs of customers in different countries and regions, improve logistics efficiency, reduce transportation costs, and address the risks of stricter energy consumption and emission policies and international trade barriers.

The Group has continued to develop different types of solar glass products to meet customer needs and facilitate further technological advancement in the solar value chain. In terms of the Group's solar glass sales mix, the share of thin glass continued to increase in 2023. In the 1H2023, PV installation demand came more from overseas and distributed generation projects, with relatively less use of double-glass and bifacial modules. As a result, the percentage of thin glass sales in the Group's solar glass sales mix decreased. However, with the gradual transition of solar cell technology from P-type to N-type and the construction of more utility-scale ground-mounted PV power projects, the percentage of thin glass sales increased sharply in the 2H2023. With thin glass becoming a mainstream product, the Group has deployed its new production line configuration accordingly.

New solar farm capacity reaches record high

Following the sharp decline in the solar module prices in mid-2023, the Group accelerated the installation and construction of solar farm projects in the 2H2023, achieving a record high annual grid-connected capacity in 2023. For self-developed solar farm projects, the Group completed the grid connection of projects with an aggregate approved grid-connected capacity of 1,094 MW in 2023, of which 974 MW was utility-scale ground-mounted projects and 120 MW was distributed generation projects. In order to better synergise with the existing solar farm projects, the Group also acquired a solar farm project with a capacity of 10 MW from a third party during the year, which is located in the vicinity of another project of the Group.

Regarding the sale of solar farm projects to Xinyi Energy, the Group completed the sale of four solar farm projects with an aggregate capacity of 636.5 MW in 2023. The transactions were made in accordance with the business delineation between Xinyi Solar as a solar farm developer and Xinyi Energy as a solar farm operator, which could help accelerate the recovery of working capital for project development.

Driven by the continuous increase of its solar farm capacity, the Group's total power generation increased steadily in 2023. As of 31 December 2023, the cumulative approved grid-connected capacity of the Group's solar farm projects was 5,944 MW, of which 5,541 MW was for utility-scale ground-mounted projects and 403 MW was for distributed generation projects generating electricity for self-consumption or sale to the grid. In terms of ownership, solar farm projects with a capacity of 3,695 MW were held through Xinyi Energy, a subsidiary owned as to 51.6% by the Company; solar farm projects with a capacity of 2,149 MW were held through wholly-owned subsidiaries of the Company; and a solar farm project with a capacity of 100 MW was held by an entity owned as to 50% by the Group.

RMB bank borrowings to ease pressure of rising interest rates

The interest rates on HKD bank borrowings have increased significantly since mid-2022, thus increasing the Group's financial burden. In order to mitigate the impact, the Group started to fund its capital expenditure with RMB bank borrowings in 2023. In addition to interest expense savings, RMB bank borrowings can reduce the risk of currency mismatch and the impact of exchange rate fluctuations on net assets, as the majority of the Group's assets are located in Mainland China and denominated in RMB.

The Group's net debt gearing ratio (calculated as borrowings less cash and bank balances divided by total equity) increased from 7.6% as of 31 December 2022 to 17.5% as of 31 December 2023 if calculated on a consolidated basis. Excluding Xinyi Energy and its subsidiaries, the Group's net debt gearing ratio was 3.9% as of 31 December 2023 (31 December 2022: net cash).

The increase in gearing at the Xinyi Energy level was mainly due to the financing requirements for project acquisitions. As these new projects are not subsidised, their cash flows are more predictable and stable. A reasonable increase in the Xinyi Energy's net gearing ratio could optimise the Group's overall capital structure and financial resource allocation.

FINANCIAL REVIEW

The supply chain bottlenecks that had plagued the solar industry for more than two years were finally resolved in 2023. The development of the industry has entered a new phase. Sharp declines in polysilicon and solar module prices triggered accelerated growth in downstream installation demand, especially in the 2H2023. Although competition in the market remained fierce, the Group seized the opportunity of the surge in PV installation demand to expand its solar glass production capacity and increase its sales, resulting in a year-on-year increase in the segment's gross profit contribution. During 2023, the Group's solar farm business saw a significant increase in new grid connections as a result of a significant drop in installation costs. The segment's revenue and profit contribution also increased year-on-year. With increased profit contribution from both the solar glass and solar farm businesses, the Group achieved an encouraging result in 2023.

Revenue

Revenue for the year ended 31 December 2023 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					
	2023		2022		Increase/(Decrease)	
	HK$ million	***% of revenue***	*HK$ million*	*% of revenue*	*HK$ million*	*%*
Sales of solar glass	**23,532.9**	**88.4**	17,655.1	85.9	5,877.8	33.3
Solar farm business	**2,970.5**	**11.2**	2,744.4	13.4	226.1	8.2
Unallocated	**125.4**	**0.5**	144.6	0.7	(19.2)	(13.3)
Total external revenue*	**26,628.8**	**100.0**	20,544.0	100.0	6,084.8	29.6

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

Solar Glass Revenue – By Geographical Area

	Year Ended 31 December					
	2023		2022		Increase/(Decrease)	
	HK$ million	***% of revenue***	*HK$ million*	*% of revenue*	*HK$ million*	*%*
Mainland China	**18,114.9**	**77.0**	13,463.7	76.3	4,651.2	34.5
Other areas in Asia	**4,496.0**	**19.1**	3,233.7	18.3	1,262.3	39.0
North America and Europe	**903.9**	**3.8**	903.8	5.1	0.1	0.0
Others	**18.1**	**0.1**	53.8	0.3	(35.7)	(66.4)
Total solar glass revenue*	**23,532.9**	**100.0**	17,655.1	100.0	5,877.8	33.3

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

For the year ended 31 December 2023, the Group's revenue from sales of solar glass surged by 33.3% year-on-year to HK$23,532.9 million. The increase was mainly attributable to the increase in sales volume and sales mix optimisation, partially offset by the lower ASP and the depreciation of the RMB against the HKD.

The increase in production capacity, coupled with the accelerated growth of downstream PV demand and increased sales of thin glass products, contributed to the Group's rapid sales growth in 2023. Driven by the growth in both domestic and international markets, the Group's total solar glass sales volume (in terms of tonnage) grew by 49.3% year-on-year in 2023.

Solar glass prices were less volatile in 2023 than in previous years. Strong downstream demand and rising production costs continued to support the price trends. However, due to the relatively abundant supply in the market, competition in the industry and technological advancement, product prices still showed some year-on-year declines.

In addition to the decrease in ASP, the unfavourable impact of currency exchange rate fluctuation also caused the Group's solar glass revenue growth in 2023 to be lower than the sales volume growth. The RMB/HKD exchange rates used to convert RMB-denominated revenue into HKD for various months in 2023 were relatively lower than those of the corresponding months in the 2022, representing a year-on-year decrease of approximately 5.5%, which negatively impacted the Group's total revenue.

In terms of geographic mix, there was no significant change from previous years. Overseas sales and sales in Mainland China accounted for 23.0% (2022: 23.7%) and 77.0% (2022: 76.3%), respectively, of the Group's total solar glass sales in 2023. The geographic mix of the Group's solar glass sales was generally consistent with the distribution of the global solar module production capacity.

The Group's electricity generation revenue for the year ended 31 December 2023 was mainly derived from the solar farms located in the PRC as shown below.

	Approved grid-connected capacity		
	As of 31 December 2023	As of 30 June 2023	As of 31 December 2022
	MW	*MW*	*MW*
Utility-scale ground-mounted solar farms			
Anhui	**1,737**	1,622	1,622
Hubei	**980**	980	980
Guangdong	**750**	550	550
Yunnan	**560**	10	—
Guangxi	**500**	400	400
Others (Tianjin, Henan, Hebei, etc.)	**914**	914	914
Sub-total	**5,441**	4,476	4,466
Commercial distributed generation projects	**78**	108	108
Total	**5,519**	4,584	4,574
Utility-scale ground-mounted solar farms			
Total number of solar farms	**59**	51	50
Weighted average feed-in-tariff ("**FiT**") * (RMB/kWh)	**0.59**	0.63	0.63

* 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.

Revenue from the solar farm segment increased steadily by 8.2% from HK$2,744.4 million in 2022 to HK$2,970.5 million in 2023. The increase was mainly attributable to the new capacity added in 2023 and the full-year contribution from the capacity added in 2022, partially offset by the lower weighted average FiT and the depreciation of RMB against HKD.

For the 1,094 MW of utility-scale ground-mounted solar farm projects added by the Group in 2023, 1,084 MW was developed by its in-house engineering, procurement and construction team and 10 MW was acquired from an independent third party. As all the new self-developed solar farms are grid parity projects, their FiTs were lower than the weighted average of the Group's existing portfolio. However, they can provide more predictable and stable cash flows and improve the liquidity of this business segment due to the more timely collection of receivables from electricity generation.

Similar to other solar farm operators in the PRC, the Group has experienced delays in the collection of subsidies from the government related to the electricity generation of its subsidised solar farm projects. As of 31 December 2023, the Group's outstanding tariff adjustment (subsidy) receivable amounted to HK$4,416.6 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 2023, the Group had subsidised solar farm projects with a total approved capacity of 2,174 MW, of which 1,244 MW 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 increased by HK$931.2 million, or 15.1%, from HK$6,158.5 million in 2022 to HK$7,089.7 million in 2023. Overall gross margin declined to 26.6% (2022: 30.0%), but the impact of the lower gross margin was fully offset by the increase in sales volume. As a result, the gross profit contribution of both the solar glass and solar farm businesses increased year-on-year.

The gross profit contribution of the solar glass business increased by 20.0% to HK$5,033.6 million in 2023 (2022: HK$4,193.3 million). Despite the improvement in the 2H2023, the gross profit margin of the Group's solar glass segment decreased by 2.4 percentage points to 21.4% in 2023 (2022: 23.8%). The decline was mainly attributable to (i) lower ASP compared to the previous year and (ii) procurement costs for raw materials and energy, such as soda ash and natural gas, remained high, although there were some decreases during the year. Impact of the decline was partially offset by (i) efficiency improvements from new capacity ramp-up, tighter cost controls and streamlined operations and (ii) optimisation of the sales mix.

For the solar farm business, gross profit contribution increased by 5.3% to HK$2,035.8 million in 2023 (2022: HK$1,933.3 million). Segment gross profit margin decreased to 68.5% in 2023 (2022: 70.4%), which was mainly attributable to (i) electricity curtailment losses due to grid consumption and (ii) the increase in operating costs to comply with higher energy storage requirements and safety regulations.

Other income

During the year, the Group's other income increased by HK$130.1 million to HK$370.1 million, as compared to the HK$240.0 million in 2022. The increase was mainly due to the increase in government grant income and scrap sales.

Other (losses)/gains - net

The Group recorded other losses – net of HK$247.4 million in 2023, compared to other gains – net of HK$43.3 million in 2022. Other losses – net in 2023 mainly comprised of (i) foreign exchange losses, net of HK$190.5 million; (ii) losses on disposal of bills receivable at fair value through other comprehensive income of HK$55.9 million; and (iii) losses on disposal of property, plant and equipment and early termination of lease of HK$31.0 million and offset by net fair value gains on financial assets at fair value through profit or loss of HK$30.0 million.

The foreign exchange losses, net in 2023 included currency translation differences of approximately HK$170.0 million reclassified from exchange reserve upon termination of RMB-denominated capital loan between the Group companies.

Selling and marketing expenses

The Group's selling and marketing expenses increased from HK$91.3 million in 2022 to HK$106.1 million in 2023. The increase was mainly due to higher costs of iron pallets (used for product transportation and storage) as a result of increased sales of solar glass and a higher percentage of paperless packaging. The ratio of selling and marketing expenses to solar glass sales revenue was 0.5% in 2023 (2022: 0.5%).

Administrative and other operating expenses

Administrative and other operating expenses increased by HK$224.4 million, or 22.9%, from HK$979.2 million in 2022 to HK$1,203.6 million in 2023. The increase was mainly attributable to increase in research and development expenses of HK$204.6 million and increase in staff costs of HK$17.9 million as a result of business expansion. As a result of the increase in revenue and the relatively fixed nature of certain expenses, the ratio of administrative and other operating expenses to revenue decreased from 4.8% in 2022 to 4.5% in 2023.

Finance costs

Finance costs increased from HK$198.4 million (or HK$267.8 million before capitalisation) in 2022 to HK$383.8 million (or HK$511.5 million before capitalisation) in 2023. The increase was mainly due to the increase in interest rates and higher average bank borrowings. During the year, interest expense of HK$127.8 million (2022: HK$69.4 million) was capitalised in the cost of solar farms and solar glass 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 2023, the Group's share of net profit of investments accounted for using the equity method was HK$28.1 million (2022: HK$30.8 million). The profit contribution from these investments was mainly derived from a 100 MW solar farm project in Anhui Province, China, in which the Group has a 50% equity stake.

Income tax expense

Income tax expense increased from HK$835.2 million in 2022 to HK$870.9 million in 2023. The increase was primarily attributable to (i) increased profit from solar glass business and (ii) increase in CIT rate after the expiration of tax exemption/reduction period for certain solar farms. The Group's overall effective income tax rate decreased from 16.1% in 2022 to 15.6% in 2023, mainly due to the lower effective tax rate of the solar glass business in 2023 and the higher profit contribution of this business than the solar farm business.

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

EBITDA and net profit

In 2023, the Group's EBITDA (earnings before interest, taxation, depreciation and amortisation) amounted to HK$7,780.2 million, representing an increase of 12.2%, as compared to HK$6,933.3 million in 2022. The EBITDA margin (calculated on the basis of total revenue for the year) was 29.2% in 2023, compared to 33.7% in 2022.

Net profit attributable to equity holders of the Company in 2023 was HK$4,187.1 million, representing an increase of 9.6% compared to HK$3,820.1 million in 2022. Net profit margin attributable to equity holders of the Company decreased to 15.7% in 2023 from 18.6% in 2022, mainly due to (i) the decrease in profit margin of both solar glass and solar farm businesses; (ii) an increase in research and development costs; and (iii) higher finance expenses.

Financial resources and liquidity

In 2023, the Group's total assets increased by 19.5% to HK$60,433.0 million and shareholders' equity increased by 7.5% to HK$31,974.6 million. The current ratio as at 31 December 2023 was 1.2, compared to 1.8 as at 31 December 2022. The decrease in current ratio was mainly due to the increase in bank borrowings and other payables as a result of the expansion of the scale of business operations.

For the year ended 31 December 2023, the Group's main sources of funding included cash generated from the Group's operating activities, credit facilities provided by banks and rights issued by Xinyi Energy. Net cash provided by operating activities amounted to HK$5,789.9 million (2022: HK$5,892.1 million). The decrease was mainly due to more interest expenses paid and income tax paid, which was offset by the effect of the expansion of business operation and the increase in profit contribution from the solar glass business. Net cash used for investing activities amounted to HK$10,400.5 million (2022: HK$6,454.4 million). The increase was primarily due to capital expenditure for the expansion of solar glass capacity, investment in new solar farm projects and construction costs for the polysilicon production facility in Yunnan Province, China. Net cash generated from financing activities amounted to HK$2,193.1 million (2022: net cash used of HK$1,074.9 million). During the year, the Group secured new borrowings of HK$9,988.6 million and repaid borrowings of HK$7,511.2 million. In addition, the Group's non-wholly-owned subsidiary, Xinyi Energy, raised net proceeds of approximately HK$1,627.8 million through the allotment of 744,040,025 rights shares on 1 June 2023. The Group's total dividends paid in cash to Shareholders and non-controlling interests in subsidiaries in 2023 amounted to HK$1,930.1 million.

As at 31 December 2023, the Group's net debt gearing ratio (calculated as borrowings less cash and bank balances divided by total equity) was 17.5% (2022: 7.6%). The change in the Group's gearing level was mainly due to the decrease in cash and cash equivalents and the increase in borrowings.

BUSINESS OUTLOOK

The government policy support, economic incentives and technological development have driven the increasing use and development of solar energy. After years of development, solar energy has become one of the fastest growing renewable energy sources in the world. Rapidly developing markets and promising prospects are the main reasons for the high investment enthusiasm and significant production capacity expansion across the entire solar industry.

After a new round of substantial production expansion, the concern about the future development of the solar industry has gradually shifted from the supply bottleneck of certain components to the over-capacity of certain segments of the industry. There is no denying that certain segments of the industry have experienced, or may be experiencing, cyclical oversupply as production capacity has grown faster than the increase in the demand. The entire solar module production process involves many different segments and components. The ultimate demand of all segments in the solar value chain depends on the downstream demand for PV installation. However, due to the differences in industrial structure, new capacity construction cycles, and the pace of product and technology innovation, changes in the supply and demand dynamics are not consistent across segments.

The solar glass industry experienced a peak in the capacity growth at a time which is earlier than the other segments in the industry chain. The large-scale capacity expansion triggered by the high profitability of the industry in 2020 has gradually slowed down, and the total capacity increase of the industry in 2023 was lower than that in 2022. The slowdown in the new capacity construction was mainly due to the increasingly stringent energy consumption and emission targets and the strengthening of supply-side control measures (e.g. hearings, capacity risk alert mechanism). Changes in the macroeconomic environment and increased difficulty and cost of financing have also reduced the incentive for existing participants or new entrants to invest in the industry. Supply and demand dynamics in the solar glass market are expected to improve in 2024, given the slowdown in new capacity additions in the industry and continued growth in downstream installation demand.

After two consecutive years of unprecedented growth, it is generally expected that the global PV installations to continue to grow in 2024, but at a slower rate. Benefiting from the sharp decline in solar module prices, overall solar installation costs have fallen rapidly, which will trigger further growth in downstream installation demand. While the projected annual growth rate of global PV installations in 2024 is not as high as in the past two years, it is still more likely to be higher than the long-term historical average. In addition, for economic and technical reasons, solar farms typically install solar modules with a larger capacity than their inverter capacity. Taking into account the inverter loading ratio (DC/AC capacity ratio) as well as the penetration of the double-glass and bifacial PV modules, the actual demand for solar glass typically grows even faster than global PV installations. In view of the continued growth in market demand, the Group will expand its solar glass production capacity in an orderly manner in order to support further growth and consolidate its leading market position.

By adding six new production lines with an aggregate daily melting capacity of 6,400 tonnes, the Group plans to increase its total daily melting capacity of solar glass from 25,800 tonnes as at the end of 2023 to 32,200 tonnes as at the end of 2024. Of these six production lines, four are in China with a total daily melting capacity of 4,000 tonnes, and two are in Malaysia with a total daily melting capacity of 2,400 tonnes. In addition, the Group has started preparations for the establishment of new production bases in the PRC and overseas, including projects in Yunnan Province and Jiangxi Province in the PRC, as well as overseas projects in Indonesia. The commissioning date of these new production sites has not yet been determined and is expected to be in 2025 or later.

In order to be better positioned in the uncertainty of global economic development and increasingly fierce market competition, the Group will adopt a prudent financial management strategy to control risks. In addition, the Group will continue to pursue excellence in production processes, product differentiation and innovation by expanding, upgrading and improving its solar glass production facilities, enhancing production efficiency and maintaining its high sensitivity to the market changes, as well as focusing on the further development of the thin glass market, in order to strengthen the Group's competitive edge and effectively mitigate the pressure of rising procurement costs from time to time.

For the solar farm business, the Group expects that the development work of new solar farm projects may face more challenges in 2024. As some PRC provinces have delayed or even suspended the issuance of new solar farm project quotas for 2023, this may make it more difficult for the Group to increase its project pipeline reserves. In addition, land availability, grid connection issues and complex administrative approval procedures may hinder project development. Higher mandatory energy storage requirements and market-based electricity trading mechanism may also increase the uncertainty of project returns. In order to strike a proper balance between risks and returns, the Group has decided to adopt a more prudent installation target of 300 MW of grid-connected capacity in 2024.

The Group's polysilicon production facility located in Yunnan Province, China is a joint venture investment owned as to 52% and 48% by the Group and Xinyi Group (Glass) Company Limited, respectively. Construction of the project is about to complete. The trial production is expected to commence in the second quarter of 2024. Despite the significant decline in polysilicon prices in 2023, the Directors are confident in the technical expertise, cost control and the product competitiveness of the Group and believe that the polysilicon project can add value to the Group in the long term. At present, the Group has no plans to expand its polysilicon production capacity. Any future polysilicon investment plan will only be considered after the existing production capacity has been successfully commissioned and in light of market factors and the Group's overall business development strategy.

For the proposed issue of RMB-traded ordinary shares by the Company in the Mainland China, the Company has sought the shareholders' approval on various matters on 7 November 2023. However, in view of the fact that the stock market has yet to pick up and the slowdown in the pace of initial public offerings in the Mainland China stock market, the Directors expect that the project to progress at a slower pace.

Overall, the Directors are confident about the future development of the solar industry. Ongoing technological innovation and the increasing focus on renewable energy development in various countries will continue to drive the widespread use of solar energy and create new demand for solar glass. The imminent end of the interest rate hike cycle is another positive factor that will help to strengthen the momentum of downstream demand. Although the issue of overcapacity in certain segments of the value chain may bring uncertainty to the short-term market development, it is believed that through natural adjustment and consolidation, the industry can eliminate inefficient capacity and continue to grow and develop. Concerns about grid saturation can also be mitigated to some extent as the cost of energy storage facilities has fallen significantly.

The Group will adhere to its corporate mission of "Leading Green New Energy" and continue to improve operational efficiency, strengthen cost control and implement product differentiation strategies to enhance its competitive advantages. By promoting the parallel development of its solar glass and solar farm businesses, Xinyi Solar will continue to contribute to the global green energy transition.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of HK$9,894.9 million for the year ended 31 December 2023 which was primarily used in the expansion and upgrade of solar glass production lines, payments for the construction of polysilicon production facility and expansion of new solar farm capacity. Capital commitments contracted for but not incurred by the Group as of 31 December 2023 amounted to HK$5,273.7 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.

PLEDGE OF ASSETS

As of 31 December 2023, bills receivables of HK$5.5 million (2022: HK$14.3 million) was pledged as collaterals for obtaining letter of credit facilities in the PRC. Bills receivables of HK$20.8 million (2022: nil) was pledged as collaterals for obtaining bank acceptance bill. Bills receivables of HK$1,096.0 million (2022: HK$75.1 million) was transferred to banks for obtaining bank borrowings.

CONTINGENT LIABILITIES

As of 31 December 2023, the Group did not have any significant contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in note 16 to this announcement, there was no material acquisition and disposal of subsidiaries and associated companies during the year ended 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

On 28 February 2024, the Group entered into four sale and purchase agreements for the disposals of eight solar farm projects with an aggregate approved capacity of 790 MW in the PRC to Xinyi Energy. Further details of which are disclosed in the joint announcement of the Company and Xinyi Energy dated 28 February 2024.

Save as disclosed above, no significant event has taken place subsequent to 31 December 2023 and up to the date of this announcement.

TREASURY POLICIES, EXPOSURE TO FLUCTUATION IN FOREIGN EXCHANGE RATES

The Group mainly operates in the PRC with most of its significant transactions denominated and settled in RMB and United States Dollar ("**USD**"). Given the pegged exchange rate between HKD and USD, the Directors do not foresee that the Group is subject to significant foreign exchange risk for transactions conducted in HKD or USD. However, exchange rate fluctuations between RMB and HKD or RMB and USD could affect the Group's performance and asset value. The Group also has solar glass production facilities and production activities in Malaysia. Exchange rate fluctuations between Malaysian Ringgit and HKD could also affect the Group's performance and asset value.

The presentation currency of the Group's consolidated financial statements is HKD. Due to the depreciation of RMB against HKD in 2023, the Group reported non-cash translation losses, which represent a decrease in the reserve of its consolidated balance sheet, in the translation of the RMB-denominated assets into HKD. Exchange losses of HK$444.0 million attributable to equity holders of the Company were recorded as the exchange reserve movement in 2023. As a result, the debit balance of the Group's consolidated exchange reserve account increased from HK$1,885.2 million as of 31 December 2022 to HK$2,329.3 million as of 31 December 2023.

For the Group's solar farm business, the revenue from solar power electricity generation is denominated in RMB whilst the bank borrowings are denominated in HKD. In view of the reversal of interest rate differential between HKD bank borrowings and RMB bank borrowings (from a relatively lower interest costs changed to a higher interest cost), the Group commenced the drawdown of RMB bank borrowings in Mainland China in 2023. As of 31 December 2023, 66.2% and 33.8% of the bank borrowings of the Group were denominated in HKD and RMB, respectively.

The Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations. During the year ended 31 December 2023, the Group did not use any financial instrument for hedging purpose.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2023, the Group had about 11,063 full-time employees of whom 9,936 were based in Mainland China and 1,127 were based in Hong Kong, Malaysia and Canada. The total staff costs, including the emoluments of the Directors, amounted to HK$1,164.6 million for the year ended 31 December 2023.

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 competitiveness and are reviewed on a regular basis. Apart from basic remuneration and the statutory retirement benefit scheme, discretionary bonuses may be provided to selected employees taking into consideration the performance of the relevant employee and the overall performance of the Group.

SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company in June 2014, an aggregate of 16,161,000 share options were granted to selected employees and an executive Director in March 2023. The share options are valid from 31 March 2023 to 31 March 2027. One third of the share options would be vested on each of 31 December 2023, 2024 and 2025 if the relevant grantee has satisfied the conditions of vesting as stated in the letter of grant.

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

For the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Directors confirmed that the Company has complied with the applicable code provisions in the Corporate Governance Code (the "**Code**") set forth in Part 2 of Appendix C1 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the year ended 31 December 2023.

Mr. LEE Yau Ching, the executive Director, will resign as the Chief Executive Officer of the Company and Mr. LEE Shing Put ("**Mr. Lee**"), the executive Director and Vice Chairman of the Company, will be appointed as the Chief Executive Officer of the Company both effective from 1 April 2024. It will deviate from code provision C.2.1 of the Code upon the appointment was effective.

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

Further details of which are disclosed in the announcement of the Company dated 28 February 2024.

REVIEW BY AUDIT COMMITTEE

The audit committee (the "**Audit Committee**") has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2023. The members of the Audit Committee of the Board are Ms. LEONG Chong Peng, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin, all of them are independent non-executive Directors. Ms. LEONG Chong Peng is the chairperson of the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set forth in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by the Directors. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set forth in the Model Code throughout the year ended 31 December 2023.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2023 containing all the information required by Appendix D2 to the Listing Rules and other applicable laws and regulations will be despatched to the Shareholders and published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company in due course.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

FINAL DIVIDEND

At the meeting of the Board held on 28 February 2024, the Directors proposed a final dividend (the "**Final Dividend**") of 15.0 HK cents per share for the year ended 31 December 2023. The recommendation of the payment of the Final Dividend is subject to the approval of the Shareholders at the AGM to be held on or before Friday, 31 May 2024. If approved by the Shareholders, it is expected that the Final Dividend will be paid on or about Wednesday, 7 August 2024 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 11 June 2024.

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

The Company will announce separately further information on the Scrip Dividend Scheme which includes the market value of the scrip shares under the Scrip Dividend Scheme which is expected to represent a discount to the average closing price per share as quoted on the Stock Exchange for the five consecutive trading days commencing on Tuesday, 4 June 2024 until Tuesday, 11 June 2024 (both days inclusive) rounded down to two decimal places.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Friday, 31 May 2024. The register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024, both days inclusive, during which period no transfer of 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 Rooms 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, 27 May 2024.

The register of members of the Company will be closed from Thursday, 6 June 2024 to Tuesday, 11 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Final Dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 5 June 2024.

On behalf of the Board
Xinyi Solar Holdings Limited
Dr. LEE Yin Yee, S.B.S.
Chairman

Hong Kong, 28 February 2024

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

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