Solargiga Energy

Solargiga Energy Holdings Limited
陽光能源控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 757)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

ANNUAL RESULTS

The directors (the "**Directors**") of Solargiga Energy Holdings Limited (the "**Company**") announce the results of the Company and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2024 (the "**Year**" or "**year**") and the comparative figures as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Revenue	*4*	**3,706,198**	7,192,853
Cost of sales		**(3,602,159)**	(6,734,850)
Gross profit		**104,039**	458,003
Other income and gains	*5*	**124,576**	140,560
Selling and distribution expenses		**(75,189)**	(100,638)
Administrative expenses		**(219,989)**	(279,045)
Reversal of impairment loss on financial and contract assets		**3,538**	12,651
Impairment losses of property, plant and equipment		**(107,932)**	—
Other expenses		**(1,255)**	(3,283)
Finance costs	*7*	**(59,999)**	(71,118)
(Loss)/profit before tax	*6*	**(232,211)**	157,130

	Notes	2024 RMB'000	2023 RMB'000
Income tax credit/(expense)	8	**5,215**	(15,462)
(Loss)/profit for the year		**(226,996)**	141,668
Attributable to:			
Owners of the parent		**(227,084)**	111,906
Non-controlling interests		**88**	29,762
(Loss)/profit for the year		**(226,996)**	141,668
Basic and diluted (loss)/earnings per share attributable to ordinary equity holders of the parent (RMB cents)	10	**(6.83)**	3.37

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
(Loss)/profit for the year	**(226,996)**	141,668
Other comprehensive (loss)/income		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(848)**	(16,256)
Changes in fair value of equity investments designated at fair value through other comprehensive income	**141**	—
	(707)	(16,256)
Total comprehensive (loss)/income for the year	**(227,703)**	125,412
Attributable to:		
Owners of the parent	**(227,791)**	95,650
Non-controlling interests	**88**	29,762
Total comprehensive (loss)/income for the year	**(227,703)**	125,412

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**608,814**	756,401
Long term prepayments and other receivables		**37,679**	40,709
Goodwill		**—**	—
Right-of-use assets		**129,304**	116,040
Investments in associates		**1,102**	1,200
Equity investments designated at fair value through other comprehensive income		**3,841**	3,700
Deferred tax assets		**15,099**	11,880
Total non-current assets		**795,839**	929,930
Current assets			
Inventories		**376,852**	326,763
Trade, bills receivables and contract assets	*11*	**1,782,169**	2,188,054
Prepayments, other receivables and other assets	*12*	**246,157**	281,038
Current tax recoverable		**334**	6,046
Pledged deposits		**510,979**	1,358,000
Cash and cash equivalents		**270,699**	578,364
Total current assets		**3,187,190**	4,738,265
Current liabilities			
Interest-bearing bank and other borrowings	*13*	**952,661**	1,195,684
Trade and bills payables	*14*	**1,563,184**	2,533,356
Other payables and accruals		**153,888**	291,755
Contract liabilities		**34,457**	37,996
Current tax payable		**34,809**	53,866
Provision		**1,367**	5,128
Current portion of lease liabilities		**8,207**	3,967
Total current liabilities		**2,748,573**	4,121,752
Net current assets		**438,617**	616,513
Total assets less current liabilities		**1,234,456**	1,546,443

	Notes	2024	2023
		RMB'000	*RMB'000*
Non-current liabilities			
Interest-bearing bank and other borrowings	*13*	**1,544**	28,239
Deferred tax liabilities		**2,282**	10,721
Deferred income		**83,800**	105,074
Lease liabilities		**37,874**	23,213
Provision		**146,524**	186,087
Total non-current liabilities		**272,024**	353,334
Net assets		**962,432**	1,193,109
Equity			
Equity attributable to owners of the parent			
Share capital		**285,924**	285,924
Reserves		**658,992**	891,100
		944,916	1,177,024
Non-controlling interests		**17,516**	16,085
Total equity		**962,432**	1,193,109

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards Accounting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board (the "**IASB**"), Hong Kong Financial Reporting Standards Accounting Standards ("**HKFRS Accounting Standards**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments and certain financial assets which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The IASB has issued a number of amendments to IFRS Accounting Standards that are first effective for the current accounting year commencing 1 January 2024 or later but available for early adoption. The equivalent amendments to HKFRS Accounting Standards consequently issued by the HKICPA have the same effective dates as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB.

The Group has adopted the following revised IFRS Accounting Standards/HKFRS Accounting Standards for the first time for the current year's financial statements:

Amendments to IFRS 16/HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1/HKAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to IAS 1/HKAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to IAS 7/HKAS 7 and IFRS 7/HKFRS 7	*Supplier Finance Arrangements*

None of these developments to IFRS Accounting Standards and HKFRS Accounting Standards that are first effective for the current accounting period of the Group have a material effect to the Group's results and financial position prepared or presented in these financial statements.

3. OPERATING SEGMENT INFORMATION

In a manner consistent with the way in which information is reported internally to the executive directors of the Company, being the chief operating decision maker, (the "**CODM**") for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments in 2024:

(i) the manufacture and trading of photovoltaic modules ("**Segment A**");

(ii) the construction and operation of photovoltaic power plants ("**Segment B**"); and

(iii) the manufacture and trading of semiconductor, the trading of monocrystalline silicon solar cells and others ("**Segment C**").

No operating segments have been aggregated to form these reportable segments. Revenue, costs and expenses are allocated to those reportable segments with reference to sales generated by those segments and the costs and expenses incurred by those segments.

Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the basis as they are presented in the Group's financial statements.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information regarding the Group's reportable segments as provided to the Group's CODM for the years ended 31 December 2024 and 2023 is set out below:

	Segment A		Segment B		Segment C		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**3,529,839**	7,021,656	**129,947**	128,667	**46,412**	42,530	**3,706,198**	7,192,853
Intersegment revenue	**4,218,189**	5,255,525	**38,407**	23,286	**228,745**	251,252	**4,485,341**	5,530,063
Reportable segment revenue	**7,748,028**	12,277,181	**168,354**	151,953	**275,157**	293,782	**8,191,539**	12,722,916
Reportable segment (loss)/profit	**(246,481)**	168,498	**10,138**	130	**9,347**	(26,960)	**(226,996)**	141,668
Reportable segment assets	**2,339,565**	3,482,596	**311,084**	257,192	**1,332,380**	1,928,407	**3,983,029**	5,668,195
Reportable segment liabilities	**2,200,077**	3,411,269	**194,998**	158,533	**625,522**	905,284	**3,020,597**	4,475,086

Other segment information:

	Segment A		Segment B		Segment C		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Interest income from bank deposits	**10,161**	19,677	**25**	91	**1,826**	14,326	**12,012**	34,094
Finance costs	**(38,439)**	(41,047)	**(8,298)**	(8,334)	**(13,262)**	(21,737)	**(59,999)**	(71,118)
Depreciation and amortisation	**(145,686)**	(148,010)	**(5,491)**	(2,741)	**(9,876)**	(8,036)	**(161,053)**	(158,787)
Investment in associates	**1,102**	1,000	**—**	200	**—**	—	**1,102**	1,200
Reversal of impairment losses/(impairment losses) on financial and contract assets	**7,844**	12,669	**(4,502)**	(385)	**196**	367	**3,538**	12,651
Reversal of write-down/(write-down) of inventories	**26,405**	42,184	**(935)**	—	**(1,950)**	(77)	**23,520**	42,107
Capital expenditure*	**60,328**	50,720	**113,918**	9,651	**2,150**	24,104	**176,396**	84,475

* Capital expenditure consists of additions to property, plant and equipment.

Geographic information

Substantially all of the Group's property, plant and equipment, right-of-use assets, and interests in associates are located or operated in Mainland China.

The following table sets out information about the Group's revenue from external customers by geographical location. The geographical location of a customer is based on the locations of the customers.

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**3,172,582**	5,981,401
Export sales		
— Japan	**364,145**	936,124
— Europe	**137,683**	122,170
— Asia (excluding Japan)	**30,680**	86,882
— Others	**1,108**	66,276
Sub-total	**533,616**	1,211,452
Total	**3,706,198**	7,192,853

Information about major customers

For the year ended 31 December 2024, revenue from a single customer, including a group of entities which are known to be under common control with that customer, which amounted to 10% or more to the Group's total revenue, is set out below:

	2024	2023
	RMB'000	*RMB'000*
Customer A		
— From Segment A	**152,319**	1,315,111

	2024	2023
	RMB'000	*RMB'000*
Customer B		
— From Segment A and C	**—**	1,241,600

	2024	2023
	RMB'000	*RMB'000*
Customer C		
— From Segment A	**512,150**	981,919

	2024	2023
	RMB'000	*RMB'000*
Customer D		
— From Segment A	**708,630**	1,026,475

	2024	2023
	RMB'000	*RMB'000*
Customer E		
— From Segment A	**427,682**	147,713

	2024	2023
	RMB'000	*RMB'000*
Customer F		
— From Segment A	**394,317**	233,512

4. REVENUE

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Manufacture and trading of photovoltaic modules	**3,527,729**	5,779,995
Manufacture and trading of semiconductor, the trading of monocrystalline silicon solar cells and others	**46,412**	42,488
Construction and operation of photovoltaic power plants	**129,947**	128,667
Processing services	**2,110**	1,241,703
Total	**3,706,198**	7,192,853

Revenue from contracts with customers

(i) **Disaggregated revenue information**

For the year ended 31 December 2024

	Segment A	Segment B	Segment C	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods and service				
Sale of industrial products	3,527,729	8,211	46,412	3,582,352
Processing service	2,110	—	—	2,110
Construction services	—	121,736	—	121,736
Total	3,529,839	129,947	46,412	3,706,198
Geographical markets				
Mainland China	2,996,223	129,947	46,412	3,172,582
Japan	364,145	—	—	364,145
Europe	137,683	—	—	137,683
Asia (excluding Japan)	30,680	—	—	30,680
Other	1,108	—	—	1,108
Total	3,529,839	129,947	46,412	3,706,198
Timing of revenue recognition				
Goods transferred at a point in time	3,527,729	8,211	46,412	3,582,352
Services transferred over time	2,110	121,736	—	123,846
Total	3,529,839	129,947	46,412	3,706,198

For the year ended 31 December 2023

	Segment A	Segment B	Segment C	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods and service				
Sale of industrial products	5,779,995	4,479	42,488	5,826,962
Processing service	1,241,661	—	42	1,241,703
Construction services	—	124,188	—	124,188
Total	7,021,656	128,667	42,530	7,192,853
Geographical markets				
Mainland China	5,810,204	128,667	42,530	5,981,401
Japan	936,124	—	—	936,124
Europe	122,170	—	—	122,170
Asia (excluding Japan)	86,882	—	—	86,882
Other	66,276	—	—	66,276
Total	7,021,656	128,667	42,530	7,192,853
Timing of revenue recognition				
Goods transferred at a point in time	5,779,995	4,479	42,488	5,826,962
Services transferred over time	1,241,661	124,188	42	1,365,891
Total	7,021,656	128,667	42,530	7,192,853

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	**35,633**	318,662
Construction services	**2,363**	10,356
Total	**37,996**	329,018

(ii) **Performance obligations**

Information about the Group's performance obligations is summarised below:

Sale of industrial products

The performance obligation is satisfied upon the acceptance of industrial products by customers and payment is generally due within 30 to 90 days from delivery, except for new customers and small-sized customers, where payment in advance is normally required.

Processing service

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 90 days after customer acceptance.

Construction services

The performance obligation is satisfied over time as services are rendered. Payment in advance is normally required at the beginning of the service, and progress payment is generally due within 30 to 90 days from the date of billing.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024	2023
	RMB'000	*RMB'000*
Sale of industrial products	**34,429**	35,633
Construction services	**28**	2,363
Within one year	**34,457**	37,996

5. OTHER INCOME AND GAINS

	2024 *RMB'000*	2023 *RMB'000*
Other income		
Government grants	**72,575**	63,401
Interest income from bank deposits	**12,012**	34,094
	84,587	97,495
Other gains/(losses), net		
Net foreign exchange gain	**3,793**	30,999
Net gain/(loss) on disposal of property, plant and equipment (i)	**19,794**	(711)
Gain from sales of other materials	**2,130**	4,264
Gain on disposal of investment in an associate	**52**	—
Share of profits of associates	**102**	—
Others (ii)	**14,118**	8,513
	39,989	43,065
Other income and gains, net	**124,576**	140,560

(i) In March 2024, Shanghai Jingji Electronic Materials Co., Ltd., a wholly-owned subsidiary of the Company, completed the disposal of the plants which were built before year 2010 to the local government, with the disposal gain of RMB21,458,000.

(ii) Including receipt of the trade receivables of RMB11,034,000 that had been written off in previous years.

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

		2024	2023
		RMB'000	*RMB'000*
(a)	Staff costs (including directors' remuneration) (i)		
	Salaries, wages and other benefits	**237,709**	274,032
	Contributions to retirement schemes	**21,986**	23,343
	Total	**259,695**	297,375

		2024	2023
		RMB'000	*RMB'000*
(b)	Auditors' remuneration		
	Audit services	**2,440**	2,750
	Non-audit services	**204**	256
	Total	**2,644**	3,006

		2024	2023
		RMB'000	*RMB'000*
(c)	Other items		
	Depreciation of right-of-use assets	**12,641**	7,773
	Depreciation of property, plant and equipment (i)	**148,412**	151,014
	Reversal of write-down of inventories	**(23,520)**	(42,107)
	(Reversal of provision)/provision for warranty	**(28,725)**	35,604
	Research and development costs	**18,642**	63,749
	Reversal of impairment losses on financial and contract assets	**(3,538)**	(12,651)
	Impairment losses of property, plant and equipment	**107,932**	—
	Net (gain)/loss on disposal of property, plant and equipment	**(19,794)**	711
	Cost of inventories sold (i)	**3,509,719**	5,459,114
	Cost of services rendered (i)	**92,440**	1,275,736
	Interest income from bank deposits	**(12,012)**	(34,094)
	Gain on disposal of investment in an associate	**52**	—
	Share of profits of associates	**102**	—

(i) Cost of inventories sold and cost of services rendered include, in aggregate, RMB324,290,000 for the year ended 31 December 2024 (2023: RMB344,649,000), relating to staff costs and depreciation.

7. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on bank and other loans wholly repayable within five years	**57,197**	69,253
Interest on lease liabilities	**2,802**	1,865
Total interest expenses on financial liabilities not at fair value through profit or loss	**59,999**	71,118

8. INCOME TAX

(a) Income tax in the consolidated statement of profit or loss represents:

	2024	2023
	RMB'000	*RMB'000*
Current tax — the PRC		
Provision for the year	**11,432**	24,122
Over provision in respect of prior years	**(4,989)**	(11,128)
	6,443	12,994
Deferred tax	**(11,658)**	2,468
Income tax (credit)/expense	**(5,215)**	15,462

(b) A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
(Loss)/profit before taxation	**(232,211)**	157,130
Tax at the statutory tax rate	**(58,053)**	39,283
Tax effect of non-deductible expenses	**3,377**	1,636
Tax effect of non-taxable income	**(2,298)**	(1,355)
Effect of differential tax rates	**5,182**	631
Effect of tax concessions obtained	**18,393**	(22,371)
Tax effect of unused tax losses and temporary differences not recognised	**41,566**	6,428
Utilisation of unused tax loss and temporary differences not recognised in previous periods	**(7,378)**	(623)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**(1,015)**	2,961
Adjustments in respect of current tax of previous periods	**(4,989)**	(11,128)
Tax charge at the Group effective rate	**(5,215)**	15,462

9. DIVIDENDS

The board does not recommend to declare a final dividend for the year ended 31 December 2024.

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to the ordinary equity holders of the parent of RMB227,084,000 (2023: Profit of RMB111,906,000) and the weighted average of 3,323,771,133 (2023: 3,323,771,133) ordinary shares of the Company in issue during the year.

	2024	2023
	RMB'000	*RMB'000*
(Loss)/profit attributable to ordinary equity holders of the parent	**(227,084)**	111,906

	Number of shares	
	2024	2023
Weighted average number of ordinary shares	**3,323,771,133**	3,323,771,133

(b) Diluted (loss)/earnings per share

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the Group had no dilutive potential ordinary shares in issue during the years ended 31 December 2024 and 2023.

11. TRADE, BILLS RECEIVABLES AND CONTRACT ASSETS

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**1,279,165**	1,731,589
Bills receivable	**418,492**	287,397
	1,697,657	2,018,986
Impairment	**(45,214)**	(44,334)
Total	**1,652,443**	1,974,652

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**1,296,199**	1,773,007
1 to 2 years	**255,775**	136,174
2 to 3 years	**52,843**	55,817
Over 3 years	**47,626**	9,654
Total	**1,652,443**	1,974,652

As at 31 December 2024, there was no bills receivable had been pledged as security to banks for issuing bills payable to suppliers.

As at 31 December 2024, borrowings amounting to nil (31 December 2023: RMB18,000,000) and RMB1,880,000 (31 December 2023: RMB16,153,000) were secured by certain of the Group's trade receivables and bills receivable with a carrying amount of nil (31 December 2023: RMB23,059,000) and RMB1,880,000 (31 December 2023: RMB16,153,000) respectively.

	2024	2023
	RMB'000	*RMB'000*
Contract assets arising from:		
Sale of industrial products	**101,273**	181,947
Construction services	**32,234**	39,654
	133,507	221,601
Impairment	**(3,781)**	(8,199)
Total	**129,726**	213,402

Contract assets are initially recognised for revenue earned from the sale of industrial products and the provision of related construction services as the receipt of consideration is conditional on successful completion of delivery of the industrial products and construction, respectively. Included in quality guarantees for the sale of industrial products and contract assets for construction services are retention receivables. Upon completion of delivery or construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 2024 is due to the expiration of quality guarantee receivables on the sale of industrial products during the year.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**133,507**	221,601

The movements in the loss allowance for impairment of trade, bills receivables and contract assets are as follows:

	2024	2023
	RMB'000	*RMB'000*
At the beginning of year	**52,533**	65,184
Reversal of impairment losses	**(3,538)**	(12,651)
At the end of year	**48,995**	52,533

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The Group has established a provision matrix that is based on the ageing of balances for groupings of various customers with similar loss patterns, repayment histories, and existing customer-specific and market conditions, and also taking into consideration of forward-looking information, including the forecast of industry situation and overall economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2024 and 2023:

As at 31 December 2024

	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 1 year	0.62%	980,483	6,073
Between 1 and 2 years	1.92%	294,281	5,656
Between 2 and 3 years	9.87%	58,790	5,804
Over 3 years	39.77%	79,118	31,462
Total		1,412,672	48,995

As at 31 December 2023

	Expected loss rate *%*	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Within 1 year	0.97%	1,677,201	16,213
Between 1 and 2 years	5.06%	147,399	7,452
Between 2 and 3 years	11.93%	94,730	11,298
Over 3 years	51.89%	33,860	17,570
Total		1,953,190	52,533

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 ***RMB'000***	2023 *RMB'000*
Prepayments for raw materials	**88,386**	122,363
Deductible value-added tax	**85,255**	71,693
Other receivables	**72,516**	86,982
	246,157	281,038
Impairment allowance	**—**	—
Total	**246,157**	281,038

Other receivables mainly represent deposits and receivables from sales of property, plant and equipment, and an impairment analysis is performed at each reporting date by considering the probability of default.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

		31 December 2024			31 December 2023		
	Notes	**Effective interest rate** *(%)*	**Maturity**	***RMB'000***	Effective interest rate *(%)*	Maturity	*RMB'000*
Current:							
Bank loans — secured	*(a)*	**4.800-6.050**	**2025**	**455,500**	5.800-7.500	2024	557,500
RMB				**455,500**			557,500
Bank loans — guaranteed	*(b)*	**2.700-5.800**	**2025**	**461,514**	3.800-6.550	2024	500,845
RMB				**443,400**			465,999
USD				**18,114**			34,846
Other loans — secured	*(c)*	**1.000-2.000**	**2025**	**1,880**	0.000-7.500	2024	16,153
RMB				**1,880**			16,153
Other loans — guaranteed	*(b)*	**5.000-5.475**	**2025**	**6,240**	5.000-5.475	2024	5,213
HKD				**2,646**			1,672
USD				**3,594**			3,541
Current portion of long-term borrowings:							
Other loans — secured	*(c)*	**5.000-7.160**	**2025**	**27,527**	2.500-3.500	2024	115,973
RMB				**27,527**			115,973
Total				**952,661**			1,195,684
Non-current:							
Other loans — secured	*(c)*	**5.000-9.300**	**2025-2029**	**1,544**	5.000-7.160	2025	28,239
RMB				**1,544**			28,239
Total				**1,544**			28,239

(a) The bank loans of the Group are secured by:

(i) the Group's property, plant and equipment with the net book value of RMB126,906,000 (2023: RMB328,705,000);

(ii) the Group's right-of-use assets amounting to RMB3,256,000 (2023: RMB22,320,000); and

(iii) the Group's trade receivables was nil (2023: RMB23,059,000).

(b) Certain subsidiaries' borrowings are guaranteed by the other subsidiaries of the Group, Mr. Tan Xin or Mr. Tan Wenhua.

(c) Other loans of the Group are secured by:

(i) the Group's bills receivable amounting to RMB1,880,000 (2023: RMB16,153,000); and

(ii) the Group's property, plant and equipment with the net book value of RMB65,545,000 (2023: RMB187,956,000).

	2024	2023
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**917,014**	1,058,345
Other borrowings repayable:		
Within one year	**35,647**	137,339
In the following years	**1,544**	28,239
	37,191	165,578
Total	**954,205**	1,223,923

14. TRADE AND BILLS PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**916,246**	932,723
Bills payable	**646,938**	1,600,633
Total	**1,563,184**	2,533,356

(a) The ageing analysis of trade and bills payables at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**550,019**	386,656
1 to 3 months	**410,330**	920,098
4 to 6 months	**555,024**	1,177,078
7 to 12 months	**24,139**	34,992
Over 1 year	**23,672**	14,532
Total	**1,563,184**	2,533,356

The trade payables are non-interest-bearing and are normally settled on 90-day credit terms.

The Group endorsed certain bills receivable to suppliers for settlements. As of 31 December 2024, these liabilities are recorded as trade payables in the consolidated statement of financial position, as compared to interest-bearing bank and other borrowings in prior years, due to more utilization of this settlement method with suppliers to release more operating cash in recent years. Accordingly, the impact on the comparative amounts as at 31 December 2023 were as follows: trade and bills payables was RMB2,326,030,000 before reclassification, and was RMB2,533,356,000 after reclassification; and interest-bearing bank and other borrowings was RMB1,403,010,000 before reclassification, and was RMB1,195,684,000 after reclassification.

(b) As at 31 December 2024, the Group's bills payable of RMB646,938,000 (31 December 2023: RMB1,600,633,000) were secured by Group's bills receivable of RMB0 (31 December 2023: RMB181,813,000) and by Group's pledged deposits of RMB510,139,000 (31 December 2023: RMB1,346,754,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review

Operations Summary

To respond to the global climate changes and the acceleration of the journey of global transition to the green energy, renewable and clean energy, represented by photovoltaics, has become the main development strategy and goals for most of countries around the world in the energy consumption. With more governments' policies and strategic supports, cost reductions and continuous advancement in photovoltaic technological development, it is an indisputable fact that photovoltaic energy is now the renewable and clean energy with enormous development potential as compared with other sources of renewable energy and fossil fuel, so the continued growth in demands for photovoltaic products have already occurred. The Group has maintained a high-quality development in business in and has continuously focused on the manufacturing and sales of downstream photovoltaic modules in the photovoltaic industry. Our major customers of photovoltaic modules are large domestic state-owned enterprises in the People's Republic of China (the "**PRC**"), multinational corporations and other photovoltaic end-user customers. In addition, the Group is engaged in the installation of photovoltaic systems and the development, design, construction, operation and maintenance of photovoltaic generation plants.

As the first batch of domestic photovoltaic enterprises engaged in the production of photovoltaic products, with 20 years of experience in the photovoltaic industry, the Group now has accumulated mature experience in terms of technology, domestic and overseas market development, industrial chain cooperation, brand effect, premium services, etc. Subsidiaries of the Group have obtained more than 400 National patents, third prize of National Business Science and Technology Progress Award, first prize for China's Industry-Academic Cooperation Innovation Achievement and more than 40 provincial and municipal science and technology first prizes, second prizes, and achievement awards. The awards are: National High-tech Enterprise, National Green Factory, National Intelligent Photovoltaic Pilot Demonstration Enterprise, National Photovoltaic Manufacturing Industry Specified Conditions Admission Regulated Enterprise, National Intellectual Property Advantage Enterprise, Provincial Intelligent Manufacturing Demonstration Factory, Provincial Green Supply Chain Management Enterprise, Provincial Five-star Cloud Enterprise, Provincial Enterprise Technology Center, Provincial Engineering Technology Research Center, Photovoltaic Testing Center with China National Accreditation Service for Conformity Assessment's laboratory accredited, National Model Enterprise of Harmonious Labor Relations – Excellent Enterprise, Top 500 Global New Energy Companies in 2024 (No.282), Top 500 PRC Energy Companies (Group) in 2024 (No.323), Top 20 PRC Photovoltaic Module Companies in 2024 (No.14), Top 100 PRC Photovoltaic and Energy Storage Brands in 2024 (No.56), Photovoltaic Brand Lab (PVBL) 2024 Global Photovoltaic Top 100 (No.76), PVBL Global Photovoltaic Brand Value (Module) Top 20 (No.12), PVBL 2024 Global Photovoltaic Brand Communication Award, 2024 Most Influential Photovoltaic Module Enterprise, 2024 Distributed Photovoltaic Gold Product Award, 2023 Leading China's Top 100 Renewable Energy Photovoltaic Enterprises, and China's High-quality Household and Industrial and Commercial Photovoltaic Module Brand in 2023. The Group is the vice chairman unit of PRC Photovoltaic Industry Association, vice chairman unit of Semiconductor Materials Branch of and standing council unit of China Electronic Materials Industry Association, Household Photovoltaic Professional Committee unit, Standardization Technical Committee unit and Photoelectric Building Professional Committee unit of China Photovoltaic Industry Association and expert member of Photovoltaic Professional Committee of China Renewable Energy Society. Solar photovoltaic modules are rated as national grade's green design products.

As at the end of December 2024, the total production capacity of our production bases was 10.2 GW of modules due to the production scale, the high-efficiency and high production capacity layout of the Group. Overall, the Group will demonstrate stronger comprehensive competitiveness and solid reputation, and further increase the market share of high quality but low-cost products.

Module businesses

The Group has been engaged in module production since 2009, and has accumulated rich experience and advanced production technology and process in monocrystalline module production. The monocrystalline products that the Group focuses on has not only become the mainstream in the market, but after years of development, it also further expanded and strengthened the deployment and sales of monocrystalline silicon high-efficiency module products such as N-type high-efficiency modules, large-format modules, zero busbar modules, flexible modules, offshore floating modules, multi busbar cell modules, all-black modules and other high-end products.

The current main base of the Group for monocrystalline module production is located in Yancheng, Jiangsu. In addition to relying on the various preferential investment supporting policies from the local government, the Company can take advantage of significantly lowering the investment in capital expenditure by renting plant buildings, rental subsidies, equipment investment subsidies, sales contribution incentives, etc. Moreover, the area around the Yangtze River Delta is an agglomeration area for the supply of raw and auxiliary materials which provides advantage in terms of procurement. In order to meet the needs of module customers, the Group has expanded and upgraded module production capacity in Yancheng, Jiangsu, to maintain the advanced stage of the production lines and further strengthen the economic scale advantage of module products. As of the end of December 2024, the module production capacity of the production base in Yancheng, Jiangsu was 8.3 GW, while the total module production capacity of the Group was 10.2 GW. Through the completion of the layout of high-efficiency production capacity, it has begun to show stronger overall competitiveness and reduction in the production costs, and led to obvious market benefits and customer supports.

External sales of modules were mainly made to large state-owned enterprises and international multinational enterprises, such as State Power Investment Corporation (中國國家電力投資集團公司) ("**SPIC**"), SHARP Corporation ("**SHARP**"), Xinyi Glass Holdings Limited and Xinyi Solar Group (信義玻璃與信義光能集團), Sungrow Power Supply Co., Ltd (陽光電源股份有限公司), China General Nuclear Power Corporation, Xinhua Hydropower Company Limited, China Green Development, Dongfang Electric Corporation, Trina Solar and Astronergy etc. The Group has been cooperating with these enterprises in continually expanding module sales for domestic and foreign customers.

The Group focuses on the manufacturing of monocrystalline silicon photovoltaic products. Further, the Group has also introduced SHARP's global leading 40-year quality assurance system for photovoltaic products. The quality of the products is stable and reliable, which could bring long-term and stable income to end-user owners in the economic efficiency of photovoltaic power generation.

Construction and operation of photovoltaic system business

Apart from devoting its efforts in stabilising the development of its manufacturing business, the Group has been actively expanding the end-user power plants construction and application business which not only drives the sales of module products in a bottom-up manner, but also it will spread the profits of construction and operation of the photovoltaic system businesses, so as to bring additional revenue and improve the overall profitability of the Group. The Group's photovoltaic system business includes traditional distributed power station EPC business, Building Applied Photovoltaics (BAPV) business and Building Integrated Photovoltaics (BIPV) business. With the national policy background of the PRC government's vigorous advocacy of "carbon emissions peaking", "carbon neutrality", the construction of "green buildings", "zero energy buildings", "green building standards" and the implementation of rooftop distributed photovoltaic development program after "Opinions on Promoting Green Development of Urban and Rural Construction" issued by the State Council of the PRC, "Work Plan of Accelerating the Promotion of Energy Conservation and Carbon Emissions Reduction in the Construction Sector" jointly formulated by National Development and Reform Commission and Ministry of Housing and Urban-Rural Development, and the "Notice on the Pilot Scheme of Country-wide (City, District) Distributed Rooftop Project" published by the National Energy Administration, taking into account of the current huge building volume and a massive amount of promising and potential distributed photovoltaic generation capacity for the development in the PRC, the Group anticipates that BIPV business would have broad development prospects, especially in the customized BIPV crystalline silicon modules for curtain walls and zero-carbon mobile buildings that can operate off-grid, and will continue to enjoy the benefits from the long-term growth of the photovoltaic industry.

Benefiting from the comprehensive R&D and rich technological experience accumulated in the photovoltaic industry while strengthening industry-university-research cooperation, the Group formally signed an industry-school cooperation agreement in the past with the School of Architecture, School of Civil Engineering and Architectural Design Institute of Southeast University, and it will cooperate with Southeast University to establish a BIPV research and development line to conduct in-depth research and development in the field of zero-carbon buildings and BIPV monocrystalline silicon in Nanjing city and Yancheng city, Jiangsu province with a view to enhancing the photoelectric conversion efficiency of BIPV module and lower the production costs, and actively leading the formulation and development of national and industrial standards of BIPV in the area of zero-carbon green buildings. At the same time, the industry-university-research base cooperated by the two parties will also become the postgraduate teaching place of the School of Architecture and School of Civil Engineering of Southeast University. In addition, the Group is carrying out a series of research and development projects in cooperation with the National Housing and Residential Environment Engineering Technology Research Center for BIPV structural components and other areas. The BIPV structural components have obtained more than 20 patent authorizations which will further enhance the Group's market competitiveness and technical strength. Moreover, the zero-carbon mobile building products independently developed by the Group integrate prefabricated buildings with customized photovoltaics and energy storage, enabling off-grid energy operation and self-sufficiency in electricity. These products fill the current gap in China's domestic market. The Group is taking the lead in formulating association standards for zero-carbon buildings and zero-carbon stations and determining the technical specifications for the products. The Group expects that, with the continuous development of BIPV business in the building photovoltaic market and more emergence of new scenarios application, the photovoltaic system construction and application business, and green building consultancy services for large public projects would experience further healthy growth.

Semi-conductor business

The PRC market is the world's largest semiconductor application market. The Group is engaged mainly in the production and sales of 6–8 inches semiconductor grade monocrystalline silicon ingot with heavy doping (including arsenic, antimony, phosphorus and boron products which are at the leading level of the industry) and 6–8 inches semiconductor grade monocrystalline silicon ingot with lightly doping. In 2024, due to severe competition in the electronics market in China, the price of semiconductor monocrystalline silicon has dropped. Despite the price decline, there was a significant turnaround from loss to profit compared to the year ended 31 December 2023, and the gross profit margin of the semiconductor business has still improved, primarily due to strengthening internal management, reducing costs and increasing efficiency, and improving the quality and yield of semiconductor monocrystalline silicon. The Group expects that in the context of the growth of the Chinese semiconductor market in the long run, the semiconductor business will maintain growth in the future and contribute profits to the Group. With the planned increase in the Group's research and development, and production of multiple varieties of 8-inches semiconductor monocrystalline silicon for integrated circuit and 13–15-inches semiconductor monocrystalline silicon in 2025 in order to meet the demand of chip market, the Group is fully prepared for the next round of growth cycle.

Operation Strategy

Owing to the continuous advancement of photovoltaic production technology and cost-efficiency improvement, the production cost per watt of photovoltaic power generation has dropped sharply. At present, the photovoltaic applications have reached the target of grid parity in many regions, and photovoltaic power generation has surpassed hydropower to become China's second largest power generating source. With acceleration in the process for photovoltaic industry to move from grid parity to low-price, demand growth in the downstream photovoltaic installation has become an inevitable trend for photovoltaic industry development. In the premises, production related equipment also needs to be upgraded in order to be in line with technological advancement and to improve production efficiency. Therefore, the Group has been investing in upgrading and transforming existing production capacity and facility, and invest in low-cost, high-efficiency new production capacity. Mass output by comprehensive upgrade of production capacity and facility, and new high-efficiency production capacity have also been realised accordingly.

By adopting a core product strategy of continuous development of the Group's module product portfolio, the Group effectively concentrates on and utilises its existing resources and capacities. Since our photovoltaic module customers are mostly domestic state-owned enterprises or large multinational corporations, the market position and strength possessed by these module customers are the strongest in the overall photovoltaic industry chain. Therefore, the Group has established a direct supply relationship with large module customers through significant module production capacity and low cost and high quality advantages to enhance its market presence, which maintains a more stable module product estuary.

Operating Performance

In 2024, the whole photovoltaic industry in China faced unprecedented challenges and underwent significant adjustments. Many key players in the industry incurred significant losses due to the supply-demand imbalances and excessive competition. The Group as one of the major manufacturers of photovoltaic modules also recorded a decrease in revenue and a loss. It is because of the negative impact of the significant decrease in photovoltaic module prices as a result of the over-capacity of photovoltaic module production in the industry and fierce competition. The Group will continue to strive to enhance its competitive advantages.

During the year, the total external shipment volume of the Group's major products, photovoltaic modules decreased from 6,683.1MW in 2023 to 4,576.2MW in 2024. Due to the overall oversupply across the entire photovoltaic industry chain, industry players engaged in fierce competition by rapidly lowering prices to gain market share. This led to a significant decline in the selling prices of upstream, midstream, and downstream photovoltaic products, falling below cost. As a result, the Group's main product, photovoltaic modules, was also affected, leading to a reduction in external shipment volume.

The Group is devoted to the development and sales of monocrystalline high-efficiency module products, such as N-type TOPCon modules, large-format modules, zero busbar modules, rectangular modules, N-type heterojunction with intrinsic thin layer (HJT) modules, flexible modules, offshore floating modules, multi busbar Black Solar ("**BS**") module, and related high-end products. Besides, the module production line of the Group can also produce multi-busbar single or double glass of 182 mm/210 mm/182R/210R large-format modules, the module power of which can reach up more than 730 watts. In addition, the related equipment automated intelligence and packaging technology are in the leading position in the industry. In addition, for the 54-cell all-black module products, the modules are packaged with all-black materials. Taking into account the consistency and aesthetics of the module appearance, the module itself is guaranteed to be completely black, and there is zero module-to-module colour difference to naked eye. All-black modules enhance product diversification and improve product competitive advantages. At present, there is an obvious trend towards the iteration of large-format modules. The market share of 182mm and 210mm modules far exceeds that of other small-size modules, and have become the mainstream product size. Other small-size specifications are basically no longer sold in large quantities. Since the Group's photovoltaic module production lines can all produce large-size products such as 182 mm and 210 mm products which are mainstream products in the market, they could further enhance the Group's ability to increase the shipment volume and provide opportunity for an increase in gross profit margin. Moreover, the Group is also carrying out a number of research projects for N-type HJT technology, perovskite technology, BIPV products, offshore floating modules and flexible modules, aiming to upgrade the mass production technology of the abovementioned products, so as to expand the market sales of corresponding products and remain the operational resilience and competitiveness of the Group in the market.

Going forward, given (a) further improved products efficacy and quality, leading technological cost advantages and large-size product lines with higher bargaining power, the Group will be able to gain market share; (b) in respect of the Group's major production base, with more favorable production environment with the strong support from the government policies and subsidies, the Group will be able to reduce the production costs; (c) the Group continues to maintain low-cost, high-efficiency production capacity and facility through more refined and smoother production process and operations, and optimised production and logistics processes, and stable operation, which can further demonstrate the advantages of economies of scale and the operational synergies, such as lower procurement, logistics and production costs; (d) the long-standing diversified and accumulated technological advantages of various product lines and product differentiation and innovation; (e) adopting a flexible sales and marketing strategy to accelerate inventory turnover and adjusting the inventory levels for the purpose of maintaining a balance between sales and production; and (f) the strong client base in the PRC and overseas, it is expected that the decrease in the market photovoltaic module prices will be gradually stabilised given the gradual slowdown in over-capacity of photovoltaic module production and the expected growth in the downstream photovoltaic installation demand. Regarding the Group's business performance in the long-term prospects, the room for future improvement remains high.

Financial Review

Revenue

The revenue of the Group decreased by 48.5% from approximately RMB7,192.9 million for the year ended 31 December 2023 to approximately RMB3,706.2 million for the year. The decrease in revenue was due to a reduction in the external shipping volume of photovoltaic modules and a sharp decline in photovoltaic module prices. The significant decrease in photovoltaic module prices was due to the over-capacity of photovoltaic module production in the industry and fierce competition, and due to the overall oversupply across the entire photovoltaic industry chain, as a result of which industry players engaged in fierce competition by rapidly lowering prices to gain market share. This led to a significant decline in the selling prices of upstream, midstream, and downstream photovoltaic products, falling below cost. As a result, the Group's main product, photovoltaic modules, was also affected, leading to reduced external shipment volume.

Cost of sales

Cost of sales for the year has decreased from approximately RMB6,734.9 million for the year ended 31 December 2023 to approximately RMB3,602.2 million for the year. The decrease was mainly due to a reduction in the external shipping volume of photovoltaic modules and in line with the decrease in revenue.

Gross profit and gross profit margin

The Group recorded a gross profit of approximately RMB104.0 million and a gross profit margin of 2.8% for the year ended 31 December 2024, as compared to a gross profit of approximately RMB458.0 million and a gross profit margin of 6.4% in 2023, which decreased by 77.3% and 3.6% points respectively. The decrease was mainly due to a sharp decline in photovoltaic module prices.

Selling and distribution expenses

Selling and distribution expenses mainly comprised business promotion expenses, packaging expenses and other incidental expenses. Selling and distribution expenses decreased to RMB75.2 million in 2024 from RMB100.6 million in 2023. The decrease was mainly due to the decrease in photovoltaic module prices, which affected the estimated warranty obligations. This led to a reversal of warranty provisions in 2024, whereas provisions for warranty were made in 2023.

Administrative expenses

Administrative expenses mainly comprised of staff costs, research and development expenses and daily office expenses. The administrative expenses for the year amounted to approximately RMB220.0 million, as compared to approximately RMB279.0 million in 2023. The decrease was mainly because the Group enhanced efforts to increase operational efficiency, strict control costs, and reduce overall headcount.

Reversal of impairment losses on trade receivables and contract assets

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses ("**ECLs**"). ECLs on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions. During the year, the Group has efficiently managed the collection of trade receivables, which led to a relatively lower ECL rates in the ECL model. As a result, a reversal of impairment losses on trade receivables and contract assets of RMB3.5 million (2023: reversal of impairment losses of RMB12.7 million) was recognised during the year.

Impairment losses of property, plant and equipment

An impairment loss of approximately RMB107.9 million for property, plant, and equipment was recorded in 2024 (2023: Nil) due to the recoverable amount being lower than the carrying amount of property, plant, and equipment.

Finance costs

Finance costs were mainly derived from bank and other borrowings. The Group's finance costs decreased from RMB71.1 million in 2023 to RMB60.0 million in 2024. The Group is aiming to lower the finance costs gradually in the future and to obtain more sources of financing.

Income tax

Income tax credit amounted to approximately RMB5.2 million in 2024, as compared to income tax expense of approximately RMB15.5 million in the 2023. The income tax credit for the year was mainly derived from the recognition of deferred tax assets of the Group. The decrease in income tax expenses was mainly due to a decrease in the assessable profit of certain subsidiaries of the Group in Mainland China.

Loss attributable to owners of the parent

Loss attributable to owners of the parent was approximately RMB227.1 million for the year, as compared to the profit attributable to owners of the parent of approximately RMB111.9 million in 2023 mainly due to decrease in revenue and gross profit.

Inventory turnover days

Due to a reduction in the external shipping volume of photovoltaic modules, the inventory turnover days of the year increased to 35 days (31 December 2023: 24 days).

Trade receivable turnover days

The sales of photovoltaic modules accounted for over 95% of the Group's overall sales for the year. According to the standard terms of the industry's module sales contracts, the recovery of certain module receivables depends on the construction progress of the photovoltaic power plant. For instance, some trade receivables can only be recovered after the customer's photovoltaic power plant is connected to the grid. Therefore, the trade receivables turnover days of module business are generally longer. Trade receivables turnover days for the year has increased to 193 days (31 December 2023: 94 days) due to the settlement delay by some customers. The Group did not experience any significant credit risks due to strict credit control policies.

Trade payable turnover days

The trade payables turnover day was 205 days for the year, which was significantly higher when compared to 168 days as at 31 December 2023. The Group would like to utilise its operating funds in a more strategic manner for business growth. Under stable and frequent co-operations, the suppliers have increased our credit lines and payment terms.

Liquidity and financial resources

The principal sources of working capital of the Group during the year were cash flow from operating activities. As at 31 December 2024, the current ratio (current assets divided by current liabilities) of the Group was 1.2 (31 December 2023: 1.1). The Group had net borrowings of RMB172.5 million as at 31 December 2024 (31 December 2023: RMB−712.5 million), including cash and cash equivalents of RMB270.7 million (31 December 2023: RMB578.4 million), pledged deposits of RMB511.0 million (31 December 2023: RMB1,358.0 million), bank and other loans due within one year of RMB952.7 million (31 December 2023: RMB1,195.7 million) and non-current bank and other loans of RMB1.5 million (31 December 2023: RMB28.2 million). The net debt to equity ratio (net debt divided by total equity) as at 31 December 2024 was 17.9% (31 December 2023: -59.7%).

Net cash inflow from operating activities

The operating activities resulted in a net cash inflow of approximately RMB180.9 million in 2024, compared to a net cash outflow of approximately RMB692.1 million in 2023. The main reasons for the net cash inflow from operating activities is the reduction in trade receivables and the release of pledged deposits due to the Group's settlement of trade payables.

Earnings before interest, taxes, depreciation and amortisation

During the year, the Group's earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") were approximately RMB-11.2 million (-0.3% of the revenue) (2023： approximately RMB387.0 million, 5.4% of the revenue). The main reason for the decrease in EBITDA was attributable to the decrease in revenue and gross profit during the year.

Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases, cash, bank deposits and bank loans that are denominated in a currency other than the functional currency, Renminbi, of the operations to which they relate. The currencies giving rise to this risk are primarily the US Dollar and Euro. The Directors do not expect any significant impact from the change in exchange rates since the Group uses trade receivables in foreign currencies received from foreign customers to settle foreign loans and trade payables in foreign currencies which naturally mitigates the exchange rate risk. In addition, the Group will consider the difference in interest rates and fluctuations in the exchange rates of foreign currency denominated and local currency-denominated loan balance, and seize opportunities to mitigate the risk through low-risk forward exchange agreements, in order to strike a balance between the exposure to the variations in interest costs and fluctuations in foreign exchange rates.

Contingent liabilities

As at 31 December 2024, the Group did not have any material contingent liabilities (31 December 2023: Nil).

Human resources

As at 31 December 2024, the Group had 2,097 employees (31 December 2023: 2,887 employees).

Business Outlook

With years of technological advancements and cost reductions, coupled with the introduction of and the continued favourable policies by the government of various countries to lead the energy industry's transition from traditional fossil energy sources to renewable energy sources, the photovoltaic power generation has entered a comprehensive market-oriented development stage. In recent years, affected by factors such as the imbalance in market supply and demand, upstream, midstream and downstream companies in the photovoltaic industry have faced severe challenges. Especially in 2024, the unit selling price of products across various segments of the industry chain was lower than the unit cost for a long time. This situation has caused the financial performance of many companies in the industry chain to decline sharply, with many of these companies suffering heavy losses.

In the face of industry difficulties, the PRC government has promoted market adjustments through policies, encouraged the development of high-efficiency photovoltaic cell technology, and supported companies to avoid trade barriers by building factories overseas and acquiring local companies in order to promote the healthy and sustainable development of the photovoltaic industry. At the same time, the industry is also taking active actions. The China Photovoltaic Industry Association organised a "Symposium on Preventing Involution and Vicious Competition in the Industry" on 14 October 2024, and organised 33 leading photovoltaic companies to sign the industry's "Self-Discipline Pact" on 5 December 2024. It also called on manufacturing companies to practically follow the requirements of the Political Bureau meeting of the Central Committee of the Communist Party of China on 30 July 2024 to "strengthen industry self-discipline and prevent 'involution' competition", participate in market competition in compliance with laws and regulations, refrain from selling and bidding below cost, and guide industry prices back to rationality. Since then, more and more companies in the industry have joined the "Self-Discipline Pact" and worked together to maintain market order.

In addition, with the further digestion of photovoltaic inventories in Europe and other regions in 2024, overseas main photovoltaic market demand is expected to gradually resume stable growth in 2025; and emerging incremental photovoltaic markets such as the Middle East and Africa are rapidly expanding, becoming a new growth point for the global photovoltaic market. As a key force in the global energy transformation, the photovoltaic industry still has huge long-term development potential, and the core elements supporting the upward development of the industry have not been changed. With the continuous breakthroughs in science and technology and the gradual standardization of the market, the industry will surely usher in a new round of growth cycle.

Against this background, the Group will build core competitiveness through deepened strategic synergy and technological innovation, and adjust the approaches for domestic and foreign markets. In the domestic market, the Group will strengthen strategic cooperation with leading central enterprises, expedite the research and mass production application of next generation high-efficiency module technologies such as zero busbar (0BB) and back contact (BC), and further drive cost reduction and efficiency enhancement. For international market, the Group will implement the two-wheeled drive of "key customers + localization". On the one hand, the Group will continue to consolidate strategic cooperation with overseas key customers. On the other hand, the Group will accelerate the construction of overseas sales networks focusing on exploring the markets in Southeast Asia and Central and Eastern Europe. Concurrently, a robust risk system should be established to deal with price fluctuations, policy and technology risks, laying the foundation for the rebalancing of industry supply and demand and the realization of technology dividends. With the deepening of the "dual carbon" goal and the acceleration of global energy transformation, the photovoltaic industry will embrace even broader development space. The Directors firmly believe that with the joint efforts of all employees of the Group, the Group will be able to navigate the industry cycle and write a new chapter of high-quality development with new quality productive forces.

EVENT AFTER REPORTING PERIOD

At the date of this announcement, there are no important events affecting the Group which has occurred since 31 December 2024.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the accounting principles and practices adopted by the Group and the Group's consolidated financial results for the year ended 31 December 2024, and has discussed and reviewed the risk management, internal control and reporting matters.

DIVIDEND

No final dividend was paid in 2024 (2023: Nil). The Directors do not recommend the payment of a final dividend for 2024 (2023: Nil).

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions as set out in Appendix C3 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the code of conduct regarding securities transactions by the Directors. Specific enquiries have been made by the Company to all Directors, who have all confirmed that they have complied with the Model Code throughout the financial year ended 31 December 2024.

CORPORATE GOVERNANCE

The Company reviews and enhances its corporate governance practices continuously and is committed to a high standard of corporate governance. The Company has complied with the Corporate Governance Code set out in Appendix C1 to the Listing Rules throughout the year ended 31 December 2024.

PUBLICATION OF FINANCIAL INFORMATION

The 2024 annual report containing all the detailed information will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.solargiga.com) in due course.

SCOPE OF WORK OF AUDITOR

The figures in respect of the consolidated statement of profit or loss, consolidated statement comprehensive income, consolidated statement of financial position of the Group, and the related notes thereto for the year as set out in this announcement have been agreed by our auditors, Messrs. Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year.

The work performed by the Group's auditor, Ernst & Young, in this respect did not constitute audits, reviews and other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Group's auditor on the preliminary results announcement.

ANNUAL GENERAL MEETING

The notice of the annual general meeting ("**AGM**") will be published on the Company's website and the Stock Exchange's website and sent to the Shareholders in due course after the date of the forthcoming AGM has been determined.

By Order of the Board
Solargiga Energy Holdings Limited
Tan Wenhua
Chairman

Hong Kong, 26 March 2025

As at the date of this announcement, the executive Directors are Mr. Tan Wenhua (Chairman), Mr. Tan Xin and Mr. Wang Junze, the non-executive Director is Mr. Hsu You Yuan, and the independent non-executive Directors are Dr. Wong Wing Kuen, Albert, Ms. Chung Wai Hang and Ms. Tan Ying.