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 2023

FINANCIAL HIGHLIGHTS

	Year Ended 31 December		
	2023	2022	Change
	RMB million	*RMB million*	
		(Restated)	
Revenue	**7,192.9**	6,869.4	+4.7%
Profit/(loss) for the year from continuing operations	**141.7**	(134.7)	not applicable
Profit/(loss) for the year from continuing operations attributable to owners of the parent	**111.9**	(148.9)	not applicable

	At 31 December	At 31 December	
	2023	2022	Change
	RMB million	*RMB million*	
		(Restated)	
Total liabilities	**4,475.1**	6,531.6	-31.5%

The Group recorded a profit for the year from continuing operations of approximately RMB141.7 million for the year ended 31 December 2023. This was a significant turnaround from a loss to a profit compared to the loss for the year from continuing operations of approximately RMB134.7 million recorded for the year ended 31 December 2022.

ANNUAL RESULTS

The directors (the "**Directors**") of Solargiga Energy Holdings Limited (the "**Company**") is pleased to announce the results of the Company and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2023 (the "**Year**" or "**year**") and the comparative figures as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000* *(Restated)*
Continuing Operations			
Revenue	*4*	**7,192,853**	6,869,362
Cost of sales		**(6,734,850)**	(6,598,098)
Gross profit		**458,003**	271,264
Other income and gains	*5*	**140,560**	113,104
Selling and distribution expenses		**(100,638)**	(79,928)
Administrative expenses		**(279,045)**	(264,582)
Reversal of impairment losses/(impairment losses) on financial and contract assets		**12,651**	(21,214)
Impairment losses of property, plant and equipment		**—**	(43,039)
Other expenses		**(3,283)**	(15,355)
Finance costs	*7*	**(71,118)**	(78,793)
Profit/(loss) before tax from continuing operations	*6*	**157,130**	(118,543)
Income tax expense	*8*	**(15,462)**	(16,186)
Profit/(loss) for the year from continuing operations		**141,668**	(134,729)
Discontinued Operation			
Profit for the year from discontinued operation		**—**	1,246,817
Profit for the year		**141,668**	1,112,088
Attributable to:			
Owners of the parent		**111,906**	957,163
Non-controlling interests		**29,762**	154,925
Profit for the year		**141,668**	1,112,088
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (RMB cents)	*10*		
For profit for the year		**3.37**	28.80
For profit/(loss) from continuing operations		**3.37**	(4.48)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Profit for the year	**141,668**	1,112,088
Other comprehensive loss		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(16,256)**	(27,385)
Total comprehensive income for the year	**125,412**	1,084,703
Attributable to:		
Owners of the parent	**95,650**	929,778
Non-controlling interests	**29,762**	154,925
Total comprehensive income for the year	**125,412**	1,084,703

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
			(Restated)
Non-current assets			
Property, plant and equipment		**756,401**	831,955
Long term prepayments and other receivables		**40,709**	35,722
Goodwill		**—**	—
Right-of-use assets		**116,040**	118,298
Investments in associates		**1,200**	1,200
Equity investments designated at fair value through other comprehensive income		**3,700**	190
Deferred tax assets		**11,880**	17,107
Total non-current assets		**929,930**	1,004,472
Current assets			
Inventories		**326,763**	587,567
Trade, bills receivables and contract assets	*11*	**2,188,054**	1,558,894
Prepayments, other receivables and other assets	*12*	**281,038**	1,333,164
Current tax recoverable		**6,046**	1,096
Pledged deposits		**1,358,000**	2,314,201
Cash and cash equivalents		**578,364**	937,897
Total current assets		**4,738,265**	6,732,819
Current liabilities			
Interest-bearing bank and other borrowings	*13*	**1,403,010**	1,246,979
Trade and bills payables	*14*	**2,326,030**	3,740,934
Other payables and accruals		**291,755**	676,175
Contract liabilities		**37,996**	329,018
Current tax payable		**53,866**	118,441
Provision		**5,128**	2,252
Current portion of lease liabilities		**3,967**	3,300
Total current liabilities		**4,121,752**	6,117,099
Net current assets		**616,513**	615,720
Total assets less current liabilities		**1,546,443**	1,620,192

	Notes	**2023**	2022
		RMB'000	*RMB'000*
			(Restated)
Non-current liabilities			
Interest-bearing bank and other borrowings	*13*	**28,239**	91,772
Deferred tax liabilities		**10,721**	13,480
Deferred income		**105,074**	126,347
Lease liabilities		**23,213**	22,692
Provision		**186,087**	160,203
Total non-current liabilities		**353,334**	414,494
Net assets		**1,193,109**	1,205,698
Equity			
Equity attributable to owners of the parent			
Share capital		**285,924**	285,924
Reserves		**891,100**	815,680
		1,177,024	1,101,604
Non-controlling interests		**16,085**	104,094
Total equity		**1,193,109**	1,205,698

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The annual results set out in the announcement do not constitute the Group's financial statements for the year ended 31 December 2023 but are extracted from those financial statements.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"), Hong Kong Financial Reporting Standards ("**HKFRSs**") (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 derivative financial instruments 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 new and amendments to IFRSs that are first effective for the current accounting year commencing 1 January 2023 or later but available for early adoption. The equivalent new and amendments to HKFRSs 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 new and revised IFRSs/HKFRSs for the first time for the current year's financial statements:

IFRS17/HKFRS 17	*Insurance Contracts*
Amendments to IAS 1/HKAS 1 and IFRS/HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8/HKAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12/HKAS 12	*Deferred Tax related to Assets and Liabilities arising a Single Transaction*
Amendments to IAS 12/HKAS 12	*International Tax Reform — Pillar Two Model Rules*

Except for the below amendments, none of these developments to IFRSs and HKFRSs 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.

(a) Amendments to IAS 12/HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12/HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets at 1 January 2022, with cumulative effect recognised as an adjustment to the balances of retained profits and non-controlling interests at that date. The quantitative impact on the financial statements is summarised below.

Impact on the consolidated statements of financial position:

		Increase/(decrease)		
		As at 31 December 2023	As at 31 December 2022	As at 1 January 2022
	Notes	***RMB'000***	*RMB'000*	*RMB'000*
Assets				
Deferred tax assets	(i)	**337**	267	194
Liabilities				
Deferred tax liabilities	(i)	**(3)**	(3)	(5)
Net assets		**334**	264	189
Equity				
Accumulated losses (included in Reserves)		**334**	194	139
Equity attributable to owners of the parent		**334**	194	139
Non-controlling interests		**—**	70	50
Total equity		**334**	264	189

Note (i): The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

Impact on the consolidated statements of profit or loss:

	Increase/(decrease) For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Income tax expense from continuing operations	**(70)**	(75)
Profit for the year from continuing operations	**70**	75
Profit for the year	**70**	75
Attributable to:		
Owners of the parent	**64**	55
Non-controlling interests	**6**	20
	70	75
Total comprehensive income for the year	**70**	75
Attributable to:		
Owners of the parent	**64**	55
Non-controlling interests	**6**	20
	70	75

The adoption of amendments to IAS 12/HKAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

(b) Amendments to IAS 12/HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments and the mandatory temporary exception retrospectively.

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 2023:

(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 2023 and 2022 is set out below:

	Segment A		**Segment B**		**Segment C**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**7,021,656**	6,644,350	**128,667**	189,593	**42,530**	35,419	**7,192,853**	6,869,362
Intersegment revenue	**5,255,525**	5,396,414	**23,286**	15,778	**251,252**	126,426	**5,530,063**	5,538,618
Reportable segment revenue	**12,277,181**	12,040,764	**151,953**	205,371	**293,782**	161,845	**12,722,916**	12,407,980
Reportable segment profit/(loss)	**168,498**	(85,287)	**130**	(5,177)	**(26,960)**	(44,265)	**141,668**	(134,729)
Reportable segment assets	**3,482,596**	5,395,632	**257,192**	206,652	**1,928,407**	2,135,007	**5,668,195**	7,737,291
Reportable segment liabilities	**3,411,269**	5,226,939	**158,533**	141,752	**905,284**	1,162,902	**4,475,086**	6,531,593

Other segment information:

	Segment A		Segment B		Segment C		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Interest income from bank deposits	**19,677**	20,086	**91**	30	**14,326**	6,254	**34,094**	26,370
Finance costs	**(41,047)**	(36,650)	**(8,334)**	(6,224)	**(21,737)**	(35,919)	**(71,118)**	(78,793)
Depreciation and amortisation	**(148,010)**	(139,319)	**(2,741)**	(1,734)	**(8,036)**	(7,281)	**(158,787)**	(148,334)
Investment in associates	**1,000**	1,000	**200**	200	**—**	—	**1,200**	1,200
Reversal of impairment losses/(impairment losses) on financial and contract assets	**12,669**	(37,837)	**(385)**	(701)	**367**	17,324	**12,651**	(21,214)
Reversal of write-down/(Write-down) of inventories	**42,184**	(86,727)	**—**	—	**(77)**	—	**42,107**	(86,727)
Capital expenditure*	**50,720**	126,877	**9,651**	38,401	**19,087**	7,212	**79,458**	172,490

* 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 Chinese Mainland.

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.

	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**5,981,401**	5,193,815
Export sales		
— Japan	**936,124**	1,402,079
— Europe	**122,170**	95,657
— Asia (excluding Japan)	**86,882**	172,029
— Others	**66,276**	5,782
Sub-total	**1,211,452**	1,675,547
Total	**7,192,853**	6,869,362

Information about major customers

For the year ended 31 December 2023, 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:

	2023	2022
	RMB'000	*RMB'000*
Customer A		
— From Segment A	**1,315,111**	1,148,101

	2023	2022
	RMB'000	*RMB'000*
Customer B		
— From Segment A and C	**1,241,600**	838,966

	2023	2022
	RMB'000	*RMB'000*
Customer C		
— From Segment A	**981,919**	1,327,770

4. REVENUE

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Manufacture and trading of photovoltaic modules	**5,779,995**	5,839,067
Construction and operation of photovoltaic power plants	**128,667**	189,593
Manufacture and trading of semiconductor, the trading of monocrystalline silicon solar cells and others	**42,488**	35,419
Rendering of services	**1,241,703**	805,283
	7,192,853	6,869,362

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2023

	Segment A *RMB'000*	Segment B *RMB'000*	Segment C *RMB'000*	Total *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				
Chinese Mainland	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

For the year ended 31 December 2022

	Segment A *RMB'000*	Segment B *RMB'000*	Segment C *RMB'000*	Total *RMB'000*
Types of goods and service				
Sale of industrial products	5,839,067	3,112	35,419	5,877,598
Processing service	805,283	—	—	805,283
Construction services	—	186,481	—	186,481
Total	6,644,350	189,593	35,419	6,869,362
Geographical markets				
Chinese Mainland	4,968,850	189,593	35,372	5,193,815
Japan	1,402,032	—	47	1,402,079
Asia (excluding Japan)	172,029	—	—	172,029
Europe	95,657	—	—	95,657
Others	5,782	—	—	5,782
Total	6,644,350	189,593	35,419	6,869,362
Timing of revenue recognition				
Goods transferred at a point in time	5,839,067	3,112	35,419	5,877,598
Services transferred over time	805,283	186,481	—	991,764
Total	6,644,350	189,593	35,419	6,869,362

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:

	2023 ***RMB'000***	2022 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	**318,662**	136,023
Construction services	**10,356**	5,060
Total	**329,018**	141,083

(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:

	2023	2022
	RMB'000	*RMB'000*
Sale of industrial products	**35,633**	318,662
Construction services	**2,363**	10,356
Within one year	**37,996**	329,018

5. OTHER INCOME AND GAINS

	2023	2022
	RMB'000	*RMB'000*
Other income		
Government grants	**63,401**	37,470
Interest income from bank deposits	**34,094**	26,370
	97,495	63,840
Other gains/(losses), net		
Net foreign exchange gain	**30,999**	43,919
Net loss on disposal of property, plant and equipment	**(711)**	(71)
Gain from sales of other materials	**4,264**	1,957
Gain on disposal of a subsidiary	**—**	713
Gain on disposal of investment in an associate	**—**	600
Others	**8,513**	2,146
	43,065	49,264
Other income and gains, net	**140,560**	113,104

6. PROFIT/(LOSS) BEFORE TAX

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

		2023	2022
		RMB'000	*RMB'000*
(a)	Staff costs		
	Salaries, wages and other benefits	**274,032**	203,032
	Contributions to retirement schemes	**23,343**	16,437
		297,375	219,469

		2023	2022
		RMB'000	*RMB'000*
(b)	Auditors' remuneration		
	Audit services	**2,750**	3,148
	Non-audit services	**256**	1,220
		3,006	4,368

		2023	2022
		RMB'000	*RMB'000*
(c)	Other items		
	Depreciation of right-of-use assets	**7,773**	25,097
	Depreciation of property, plant and equipment (i)	**151,014**	305,839
	(Reversal of write-down)/write-down of inventories	**(42,107)**	86,546
	Provision/(reversal of provision) for warranty	**35,604**	(23,850)
	Research and development costs	**63,749**	98,203
	(Reversal of impairment losses)/impairment losses on financial and contract assets	**(12,651)**	26,274
	Impairment losses of property, plant and equipment	**—**	43,039
	Net loss on disposal of property, plant and equipment (note 5)	**711**	71
	Cost of inventories sold (i)	**5,459,114**	5,724,220
	Cost of services rendered (i)	**1,275,736**	873,878
	Interest income from bank deposits (note 5)	**(34,094)**	(26,370)
	Gain on disposal of investment in an associate (note 5)	**—**	(600)
	Gain on disposal of a subsidiary (note 5)	**—**	(713)

(i) Cost of inventories sold and cost of services rendered include, in aggregate, RMB344,649,000 for the year ended 31 December 2023 (2022: RMB273,956,000), relating to staff costs and depreciation which amounts are also included in the respective total amounts disclosed separately above.

7. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on bank and other loans wholly repayable within five years	**69,253**	77,084
Interest on lease liabilities	**1,865**	1,709
Total interest expenses on financial liabilities not at fair value through profit or loss	**71,118**	78,793

8. INCOME TAX

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

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Current tax — the PRC		
Provision for the year	**24,122**	15,717
Over provision in respect of prior years	**(11,128)**	(2,740)
	12,994	12,977
Deferred tax	**2,468**	3,209
Income tax expense from continuing operations	**15,462**	16,186
Income tax expense from discontinued operation	**—**	141,159
	15,462	157,345

(b) A reconciliation of the tax expense applicable to 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 rates is as follows:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Profit/(loss) before taxation from continuing operations	**157,130**	(118,543)
Profit before taxation from discontinued operation	**—**	1,387,976
Profit before taxation	**157,130**	1,269,433
Tax at the statutory tax rate	**39,283**	317,358
Tax effect of non-deductible expenses	**1,636**	2,067
Tax effect of non-taxable income	**(1,355)**	(5,314)
Effect of differential tax rates	**631**	4,978
Effect of tax concessions obtained	**(22,371)**	(175,675)
Tax effect of unused tax losses and temporary differences not recognised	**6,428**	24,420
Utilisation of unused tax loss and temporary differences not recognised in previous periods	**(623)**	(74,647)
Additional taxable income arising from disposal of subsidiaries	**—**	65,309
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**2,961**	12,077
Adjustments in respect of current tax of previous periods	**(11,128)**	(13,228)
Tax charge at the Group effective rate	**15,462**	157,345
Tax charge from continuing operations at the effective rate	**15,462**	16,186
Tax charge from a discontinued operation at the effective rate	**—**	141,159

9. DIVIDENDS

The board does not recommend to declare a final dividend for the year ended 31 December 2023.

The declaration of a special dividend of HK$0.07 per ordinary share of the Company (the "**Share**") out of the share premium account of the Company (the "**Special Dividend**") to shareholders of the Company was approved at the board meeting of the Company on 21 November 2022 and at the extraordinary general meeting of the Company held on 7 December 2022, which authorised the directors to take action for the purpose of or in connection with the implement of the payment of the Special Dividend.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the ordinary equity holders of the parent of RMB111,906,000 (2022: RMB957,163,000) and the weighted average of 3,323,771,133 (2022: 3,323,771,133) ordinary shares of the Company in issue during the year.

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Profit attributable to ordinary equity holders of the parent	**111,906**	957,163
Attributable to:		
Continuing operations	**111,906**	(148,921)
Discontinued operation	**—**	1,106,084
	111,906	957,163

	Number of shares	
	2023	2022
Weighted average number of ordinary shares	**3,323,771,133**	3,323,771,133

(b) Diluted earnings per share

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the Group had no dilutive potential ordinary shares in issue during the years ended 31 December 2023 and 2022.

11. TRADE, BILLS RECEIVABLES AND CONTRACT ASSETS

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**1,731,589**	1,147,814
Bills receivable	**287,397**	229,237
	2,018,986	1,377,051
Impairment	**(44,334)**	(62,036)
	1,974,652	1,315,015

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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**1,773,007**	1,212,698
1 to 2 years	**136,174**	81,205
2 to 3 years	**55,817**	7,589
Over 3 years	**9,654**	13,523
	1,974,652	1,315,015

As at 31 December 2023, bills receivable amounting to RMB181,813,000 (31 December 2022: RMB57,410,000), together with pledged deposits amounting to RMB1,346,754,000 (31 December 2022: RMB2,245,602,000) had been pledged as security to banks for issuing bills payable to suppliers amounting to RMB1,600,633,000 (31 December 2022: RMB2,433,217,000).

As at 31 December 2023, borrowings amounting to RMB18,000,000 (31 December 2022: RMB32,678,000) and RMB223,479,000 (31 December 2022: RMB115,518,000) were secured by certain of the Group's trade receivables and bills receivable with a carrying amount of RMB23,059,000 (31 December 2022: RMB32,678,000) and RMB223,479,000 (31 December 2022: RMB115,518,000) respectively.

	2023	2022
	RMB'000	*RMB'000*
Contract assets arising from:		
Sale of industrial products	**181,947**	214,063
Construction services	**39,654**	32,964
	221,601	247,027
Impairment	**(8,199)**	(3,148)
	213,402	243,879

Contract assets are initially recognised for revenue earned from the sale of industrial products and the provision of related installation services and construction services as the receipt of consideration is conditional on successful completion of installation of the industrial products and construction, respectively. Included in contract assets for sale of industrial products are quality guarantee receivables and for construction services are retention receivables. Upon completion of installation or construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 2023 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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**221,601**	247,027

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

	2023	2022
	RMB'000	*RMB'000*
At the beginning of year	**65,184**	113,245
(Reversal of impairment losses)/impairment losses (note 6)	**(12,651)**	26,274
Amount written off as uncollectible	**—**	(68,418)
Disposal of subsidiaries	**—**	(5,917)
At the end of year	**52,533**	65,184

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 applies the simplified approach to the provision for expected credit losses prescribed by IFRS 9/HKFRS 9, which permits the use of lifetime expected loss provision for all trade debtors. 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 three years 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 as at 31 December 2023 and 2022:

As at 31 December 2023

	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	***RMB'000***	***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

As at 31 December 2022

	Expected loss rate *%*	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Within 1 year	2.30%	1,156,847	26,638
Between 1 and 2 years	10.94%	180,253	19,728
Between 2 and 3 years	12.59%	17,613	2,218
Over 3 years	41.37%	40,128	16,600
Total		1,394,841	65,184

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023 ***RMB'000***	2022 *RMB'000*
Consideration for disposal of subsidiaries	**—**	889,321
Prepayments for raw materials	**122,363**	213,394
Deductible value-added tax	**71,693**	143,629
Other receivables	**86,982**	86,820
	281,038	1,333,164
Impairment allowance	**—**	—
	281,038	1,333,164

Up to 31 December 2022, the consideration of RMB439,321,000 was related to the Group's related parties (three entities controlled by Mr. Tan Wenhua and/or Mr. Tan Xin).

Other receivables mainly represent deposits and staff advances, 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 2023			31 December 2022		
	Notes	**Effective interest rate** *(%)*	**Maturity**	***RMB'000***	Effective interest rate *(%)*	Maturity	*RMB'000*
Current:							
Bank loans – secured	*(a)*	**5.800-7.500**	**2024**	**557,500**	3.950-7.500	2023	269,500
CNY				**557,500**			269,500
Bank loans – guaranteed	*(b)*	**3.800-6.550**	**2024**	**500,845**	2.625-9.000	2023	790,128
CNY				**465,999**			613,802
EUR				**–**			157,766
USD				**34,846**			18,560
Other loans – secured	*(c)*	**0.000-7.500**	**2024**	**223,479**	0.000-7.500	2023	137,518
CNY				**223,479**			137,518
Other loans – guaranteed	*(b)*	**5.000-5.475**	**2024**	**5,213**	5.000-5.475	2023	3,918
HKD				**1,672**			730
USD				**3,541**			3,188
Current portion of long-term borrowings:							
Other loans – guaranteed	*(b)*			**–**	1.600-6.000	2023	45,915
EUR				**–**			1,252
HKD				**–**			44,663
Other loans – secured	*(c)*	**2.500-3.500**	**2024**	**115,973**			–
CNY				**115,973**			–
Total				**1,403,010**			1,246,979
Non-current:							
Other loans –guaranteed	*(b)*			**–**	5.900-7.000	2024	91,772
CNY				**–**			91,772
Other loans –secured	*(c)*	**5.000-7.160**	**2025**	**28,239**			–
CNY				**28,239**			–
Total				**28,239**			91,772

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

(i) the Group's property, plant and equipment with the net book value of RMB328,705,000 (2022: RMB383,081,000); and

(ii) the Group's right-of-use assets amounting to RMB22,320,000 (2022: RMB23,213,000); and

(iii) the Group's trade receivables amounting to RMB23,059,000 (2022: Nil).

(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 RMB223,479,000 (2022: RMB115,518,000); and

(ii) the Group's trade receivables was Nil (2022: RMB32,678,000); and

(iii) the Group's property, plant and equipment with the net book value of RMB187,956,000 (2022: Nil).

	2023	2022
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**1,058,345**	1,059,628
Other borrowings repayable:		
Within one year	**344,665**	187,351
In the second year	**28,239**	91,772
	372,904	279,123
	1,431,249	1,338,751

14. TRADE AND BILLS PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**725,397**	1,307,717
Bills payable	**1,600,633**	2,433,217
	2,326,030	3,740,934

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**357,604**	1,027,945
1 to 3 months	**779,773**	977,506
4 to 6 months	**1,139,129**	1,558,395
7 to 12 months	**34,992**	153,821
Over 1 year	**14,532**	23,267
	2,326,030	3,740,934

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

(b) As at 31 December 2023, the Group's bills payable of RMB1,600,633,000 (31 December 2022: RMB2,433,217,000) were secured by Group's bills receivable of RMB181,813,000 (31 December 2022: RMB57,410,000) (note 11) and by Group's pledged deposits of RMB1,346,754,000 (31 December 2022: RMB2,245,602,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review

Operations Summary

At present, in order to continuously reduce carbon emissions, achieve energy security, address frequent global extreme climate change, and reduce the risk of the cost volatility of the impact of fossil fuel prices, renewable and clean energy, represented by photovoltaics, has become the main development strategy of many countries in the world. With the governments' policy and strategic supports, cost reductions, continuous technological development and economic incentives, it is an indisputable fact that photovoltaic energy is now the renewable and clean energy with the huge development potential and the lowest cost compared with the inflated fossil fuel prices, so the soaring demands for photovoltaic products have already come. Before completion of the disposal of the upstream monocrystalline silicon ingots and wafers business through the disposal of the Group's equity interests in Qujing Yangguang New Energy Co., Ltd.* (曲靖陽光新能源股份有限公司) ("**Qujing Yangguang**"), a former non-wholly owned subsidiary of the Company, on 30 December 2022 (the "**Disposal**"), the Group maintained a solid financial performance in the manufacturing and sales of downstream photovoltaic modules and upstream monocrystalline silicon ingots and wafers. After completion of the Disposal, the Group has since 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. Moreover, 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 327 National patents, third prize of National Business Science and Technology Progress Award and more than 30 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 2023

(No.263), Top 500 PRC Energy Companies (Group) in 2023 (No.316), Top 20 PRC Photovoltaic Module Companies in 2023 (No.15), Top 100 PRC Photovoltaic Brands in 2023 (No.60), Photovoltaic Brand Lab (PVBL) 2023 Global Photovoltaic Top 100 (No.33), PVBL 2023 Global Photovoltaic Brand Communication Award, 2023 Leading China's Top 100 Renewable Energy Photovoltaic Enterprises, 2023 Most Influential Photovoltaic Module Enterprise, China's High-quality Household and Industrial and Commercial Photovoltaic Module Brand in 2023, and the Most Promising Enterprise in the Photovoltaic Industry 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. The Group also provides products and services to the State Power Investment Group (one of the five major power generation groups all year round), the major supplier of double-sided double glass modules in the 2018 Front Runner Plan and the major module supplier for the power configuration project of the UHV transmission base in Hainan, Qinghai Province, a national key project in 2019.

As at the end of December 2023, the total production capacity of our production bases was 9.8 GW of modules due to the production scale, the high-efficiency and high production capacity layout of the Group. Overall, the Group has demonstrated stronger comprehensive competitiveness and further increased the market share of high quality but low-cost products.

Continuing operations

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 P-type high-efficiency modules, N-type high-efficiency modules, half-cell photovoltaic modules, multi busbar cell module, 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 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. 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 module production capacity in Yancheng, Jiangsu, to further strengthen the economic scale advantage of module products. As of the end of December 2023, the module production capacity of the production base in Yancheng, Jiangsu was 8.0 GW, while the total module production capacity of the Group was 9.8 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, which further enhanced the national and regional market share of the products, and led to obvious market benefits.

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 and Astronergy etc. The Group has been cooperating with these enterprises in continually expanding module sales for 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

Following the measures in relation to resumption of normality, 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 it will also 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" 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 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 and will continue to enjoy the benefits from the significant photovoltaic industry expansion.

Benefits of 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 provincewith 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. The BIPV pure color crystalline silicon modules, BIPV imitation stone modules and others launched by the research and development line have passed China Compulsory Certificate ("**CCC**") certification, China Quality Certificate Centre ("**CQC**") certification, and GB8624–2012 building materials and products combustion performance test certification. 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 ten patent authorizations. 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. 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 would experience further growth.

Semi-conductor business

The PRC market is the world's largest semiconductor application market. The Group is engaged mainly in production and sales of 4–6 inches semiconductor grade monocrystalline silicon ingot with heavy doping (including arsenic, antimony and phosphorus products which are at the leading level of the industry) and 4–6 inches semiconductor grade monocrystalline silicon ingot with lightly doping. In 2023, the semiconductor business was affected by the decline in number of orders placed by customers due to the negative impact of the unpredictable volatility of global political and poor economic situation. The Group expects that resuming a path to normality with positive impacts and 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 will contribute profits to the Group. With the planned increase in the research and development, and production of multiple varieties of

8-inches semiconductor monocrystalline silicon for integrated circuit in 2024 in order to meet the demand of customers and the expected formation of an alliance with industry chain players to jointly explore a new cooperation mode, the Group is fully prepared for the next round of growth cycle.

Discontinued operation

Photovoltaic monocrystalline silicon ingot and wafer business

The Group disposed of the business on 30 December 2022, and therefore no longer conducted the photovoltaic monocrystalline silicon ingots and wafers business within the year. Instead, it focuses on the production and sales of photovoltaic modules, the construction and operation of photovoltaic system businesses, and the operation of semiconductor businesses. This approach makes these existing businesses more competitive and professional, with the aim of fully realizing the hidden value of these businesses.

Operation Strategy

In the midst of ongoing advancement of photovoltaic production technology innovation 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. With expected acceleration in the process for photovoltaic industry to move from grid parity to low-price, faster and strong demand growth in the downstream photovoltaic installation leading to significant sales growth is foreseeable in the future. In the premises, production related equipment also needs to be upgraded or added in order to be in line with technological advancement and to improve production efficiency. Therefore, since 2018, 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 module products, the Group effectively concentrates on and utilises its existing resources. 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 significant cost and quality advantages to enhance its market presence, which maintains a more stable module product estuary.

Operating Performance

The Group keeps growing the revenue and profit. It is not only due to releasing the momentum of downstream photovoltaic installation demand and the low-cost and high-efficiency production capacity, but also necessary to maintain leading technology in the ever-advancing photovoltaic industry to build up a cost advantage in order to continuously keep obtaining purchasing orders from existing and new customers. The Group has gained success in research and development in recent years, and has overcome various production bottlenecks. The Group has successfully incorporated the most advanced production technologies into mass production, such that some production costs of our various product lines have decreased. The Group will continue to strive to enhance its competitive advantages.

During the year, the total external shipment volume of major products, photovoltaic modules increased from 4,205.3MW in 2022 to 6,683.1MW in 2023, representing a growth rate of 58.9%. The increase in the external shipment volume of modules was mainly due to the increase in orders from existing customers and the successful development of new customer base.

The Group is devoted to the development and sales of monocrystalline high-efficiency module products, such as P-type double-sided double glass modules, N-type TOPCon 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 and 210 mm large-size modules, the module power of which could reach more than 660 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, improve product competitive advantages, and further increase sales performance. According to the analysis of the recent bidding in China's photovoltaic market, 182 mm and above photovoltaic modules accounted for more than four-fifths of the bidding product specifications. Since the Group's photovoltaic module production lines can all produce large-size scarce 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 heterojunction with intrinsic thin layer (HJT) technology, perovskite technology, BIPV products 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 resilience and competitiveness of the Group in the market.

Looking ahead, given (a) further improved products quality, leading technological cost advantages and large-size product lines with higher bargaining power, the Group will be able to continue 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, the Group will be able to reduce the production costs; (c) the Group continues to expand low-cost, high-efficiency new production capacity through more refined and smoother production process and operations, and the existing production capacity and facility have also been upgraded and transformed, and optimised production and logistics processes, and stable operation, which can further demonstrate the advantages of economies of scale, such as lower procurement, logistics and production costs; (d) the long-standing diversified and accumulated technological advantages of various product lines and created product differentiation; (e) adopting a flexible sales and marketing strategy to accelerate inventory turnover; (f) the consideration received from the Disposal has enabled the Group to invest in expansion and growth of its continuing operations; (g) after the completion of the acquisition of interest of Jiangsu Yueyang in June 2023, its whole year results will be fully attributable to the Group in 2024; and (h) the strong client base in PRC and overseas, with increasing demand from new and old customers, it is expected that 1) the production costs will decrease owing to the increased polysilicon supply in the industry; and 2) the decline in the market average selling price of photovoltaic modules will be stabilised given the slowdown in over-capacity of photovoltaic module production in the photovoltaic industry and continuous growth in the downstream photovoltaic installation. Regarding gross profit margin performance, the room for future improvement remains high.

Financial Review

Revenue

The revenue of the Group increased by 4.7% from approximately RMB6,869.4 million for the year ended 31 December 2022 to approximately RMB7,192.9 million for the year. The growth in revenue was mainly attributed to the increase in orders from existing customers and the successful development of a new customer base that has led to a significant increase in the external shipping volume of photovoltaic modules.

Cost of sales

Cost of sales for the year has increased from approximately RMB6,598.1 million for the year ended 31 December 2022 to approximately RMB6,734.9 million for the year. The increase was in line with the growth in revenue.

Gross profit and gross profit margin

The Group recorded a gross profit of approximately RMB458.0 million and a gross profit margin of 6.4% for the year ended 31 December 2023, as compared to a gross profit of approximately RMB271.3 million and a gross profit margin of 3.9% in 2022, which increased by 68.8% and 2.5% points respectively. The Group's high-efficiency production capacity increased, resulting in economies of scale. Although operating performance has been offset by the decline in the market average selling price of photovoltaic modules, the overall gross profit margin has still increased.

Selling and distribution expenses

Selling and distribution expenses mainly comprised packaging expenses, freight charges, and insurance expenses. Selling and distribution expenses increased to RMB100.6 million in 2023 from RMB79.9 million in 2022. The increase in selling and distribution expenses was mainly due to the reversal of the provision for warranty arising from changes in accounting estimates in 2022, but there was no such reversal 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 RMB279.0 million, as compared to approximately RMB264.6 million in 2022. The increase was mainly because the Group hired more experienced staff to support its business expansion and development, resulting in higher staff costs.

Reversal of impairment losses/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 RMB12.7 million (2022: impairment losses of RMB21.2 million) was recognised during the year.

Impairment losses of property, plant and equipment

An impairment loss of property, plant, and equipment amounting to Nil was recorded in 2023 (2022: impairment losses of RMB43.0 million) due to the recoverable amount being higher 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 RMB78.8 million in 2022 to RMB71.1 million in 2023. The Group is aiming to lower the finance costs gradually in the future and to obtain more sources of financing.

Income tax

Income tax expense was RMB15.5 million in 2023, while income tax expense amounted to RMB16.2 million in 2022. The income tax expense for the year was mainly derived from the provision of income tax for the profitable subsidiaries of the Group. The decrease in income tax expenses was mainly due to an over-provision in respect of prior years, which was partially offset by an increase in the assessable profit of certain profitable subsidiaries of the Group in Mainland China.

Profit/(loss) for the year from continuing operations

During the year, the Group's profit from continuing operations was approximately RMB141.7 million, marking a significant turnaround from a loss to a profit compared to the loss of approximately RMB134.7 million recorded for the year ended 31 December 2022. The main reason for the increase was mainly attributable to the significant increase in the external shipping volume of photovoltaic modules, and the Group's increased high-efficiency production capacity, which resulted in economies of scale, as evidenced by the rise in gross profit during the year.

Profit attributable to owners of the parent

The decrease in profit attributable to owners of the parent of approximately RMB111.9 million was shown in 2023, compared to the profit attributable to owners of the parent of approximately RMB957.2 million in 2022, mainly due to a non-recurring gain on the disposal of its equity interest in Qujing Yangguang New Energy Co., Ltd.* (曲靖陽光新能源股份有限公司) completed in December 2022, amounting to approximately RMB1,043.8 million in aggregate.

Inventory turnover days

The Group has been focusing its efforts in raising the inventory turnover and lowering the inventory turnover days in order to mitigate the risk of rapid decline inventory prices caused by continuous technological advancement of photovoltaic products, and at the same time, reducing the backlog of funds and further strengthen the Group's operation working capital. The inventory turnover days of the Group during the year remained stable at 24 days (2022: 29 days).

Trade receivable turnover days

The sales of photovoltaic modules accounted for over 90% of the Group's overall sales in 2022 and 2023. According to the standard terms of the industry's module sales contracts, the recovery of 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. 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. The trade receivables turnover days for the year remained stable at to 94 days (2022: 92 days).

Trade payable turnover days

The trade payable turnover days of the Group during the year remained stable at 162 days (2022: 163 days). The Group would continue to look to utilise its operating funds in a more strategic manner for business growth.

Liquidity and financial resources

The principal sources of working capital of the Group during the year were cash flow from financing activities. As at 31 December 2023, the current ratio (current assets divided by current liabilities) of the Group was 1.1 (31 December 2022: 1.1). The Group had net borrowings of RMB–505.2 million as at 31 December 2023 (31 December 2022: RMB–1,913.3 million), including cash and cash equivalents of RMB578.4 million (31 December 2022: RMB937.9 million), pledged deposits of RMB1,358.0 million (31 December 2022: RMB2,314.2 million), bank and other loans due within one year of RMB1,403.0 million (31 December 2022: RMB1,247.0 million) and non-current bank and other loans of RMB28.2 million (31 December 2022: RMB91.8 million). The net debt to equity ratio (net debt divided by total equity) as at 31 December 2023 was –42.3% (31 December 2022:-158.7%).

Net cash inflow from operating activities

The operating activities resulted in a net cash outflow of approximately RMB1,648.3 million in 2023, compared to a net cash inflow of approximately RMB2,397.4 million in 2022. The main reasons for the net cash outflow were a decrease in trade and other payables and an increase in trade receivables in 2023.

Earnings before interest, taxes, depreciation and amortisation from continuing operations

During the year, the Group's earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") from continuing operations were approximately RMB387.0 million (5.4% of the revenue) (2022︰approximately RMB107.6 million, 1.6% of the revenue). The main reason for the increase in EBITDA was attributable to the increase 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.

Acquisition of interest in a non-wholly owned subsidiary

On 13 June 2023, Jinzhou Yangguang Energy Co., Ltd.* (錦州陽光能源有限公司) (as purchaser), an indirect wholly-owned subsidiary of the Company entered into the equity transfer agreements, pursuant to which the purchaser agreed to purchase, and Jack Win Investment Holdings Limited and Wintek International Corp. agreed to sell 13.76% and 8.72% of the equity interest in the Jiangsu Yueyang Photovoltaic Technology Co., Ltd. ("Jiangsu Yueyang") at a consideration of approximately RMB58,130,000 and RMB36,820,000 respectively. Completion took place in June 2023, upon which, Jiangsu Yueyang was directly owned as to approximately 85.99% by the purchaser and indirectly wholly-owned by the Company. For further details of the acquisition, please refer to the announcement of the Company dated 13 June 2023.

Contingent liabilities

As at 31 December 2023, the Group did not have any material contingent liabilities (31 December 2022: Nil).

Human resources

As at 31 December 2023, the Group had 2,887 employees (31 December 2022: 3,029 employees).

Business Outlook

Given the increasing use of photovoltaic power generation, it has become the most important renewable energy source as clean and renewable energy supply in recent years, so it is generally expected that the global newly installed capacity of photovoltaic power generation will continue to grow in 2024. Coupled with cost-efficiency improvement and the introduction of a series of government favourable policies to continuously support the development of the photovoltaic industry with an aim to lead the energy industry transition from traditional energy sources to renewable and clean energy sources in an orderly manner, it is expected that the PRC's and the global mid and long-term demand for photovoltaic products will continue to grow. Following the grid parity, photovoltaic products will be able to move further towards full-scale marketised competition in the photovoltaic industry and away from policy subsidies, and will progress towards self sustainable development, the acceleration of the advance technological progress and innovation, reduce cost of power generation to strengthen the achievement in comprehensive grid parity and will bring the rapid growth for photovoltaic demand.

In order to thoroughly grasp these development opportunities and meet the growing demand for photovoltaic products, the Group has expanded production capacity of monocrystalline silicon modules to take advantage of the external production environment in different areas, enabling the Group to employ technological innovation and fully utilise its current technological advantages in production to meet the needs of photovoltaic end-user customers in all aspects.

Facing the transition towards green power market and as a renewable and clean energy source in respect of photovoltaic power generation, the road to grid parity is mingled with opportunities and challenges, but the expected growth in the market after reaching grid parity will provide an opportunity for the photovoltaic industry. As ever, positioning itself as the leading supplier and manufacturer of monocrystalline silicon photovoltaic modules in the photovoltaic industry, the Group is fully prepared to rely on its existing advantages and will do its utmost, to embrace the long-term promising prospect for the photovoltaic industry and continue to contribute to the early realization of the "double carbon" strategic goal in the PRC.

EVENT AFTER REPORTING PERIOD

At the date of this announcement, there are no important events affecting the Group which has occurred since 31 December 2023.

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 2023, and has discussed and reviewed the risk management, internal control and reporting matters.

DIVIDEND

No final dividend was paid in 2023 (2022: Nil). The Directors do not recommend the payment of a final dividend for 2023 (2022: 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 10 (renumbered as Appendix C3 since 31 December 2023) 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 confirm that all Directors have been complied with the Model Code throughout the financial year ended 31 December 2023.

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 14 (renumbered as Appendix C1 since 31 December 2023) to the Listing Rules throughout the year ended 31 December 2023.

PUBLICATION OF FINANCIAL INFORMATION

The 2023 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, 27 March 2024

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.