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XINYI SOLAR HOLDINGS LIMITED

信義光能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00968)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

	Year Ended 31 December		Change
	2022	2021	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Revenue	20,544.0	16,064.7	+27.9%
Profit attributable to equity holders of the Company	3,820.1	4,924.3	- 22.4%
Earnings per share - Basic	42.95 HK cents	55.65 HK cents	- 22.8%
Proposed final dividend per share	10.0 HK cents	10.0 HK cents	

The Board (the “**Board**”) of Directors (the “**Directors**”) of Xinyi Solar Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**” or “**Xinyi Solar**”) announces the audited consolidated results of the Group for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021, as follows:

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Revenue	3	20,544,041	16,064,655
Cost of sales	6	(14,385,531)	(9,022,057)
Gross profit		6,158,510	7,042,598
Other income	4	240,035	277,664
Other gains/(losses) – net	5	43,282	(70,617)
Selling and marketing expenses	6	(91,312)	(21,513)
Administrative and other operating expenses	6	(979,181)	(710,697)
Net impairment losses on financial and contract assets		(53,641)	(3,029)
Operating profit		5,317,693	6,514,406
Finance income	7	30,866	156,645
Finance costs	7	(198,392)	(140,766)
Share of net profits of investments accounted for using the equity method		30,811	38,036
Profit before income tax		5,180,978	6,568,321
Income tax expense	8	(835,212)	(987,210)
Profit for the year		4,345,766	5,581,111
Profit for the year attributable to:			
– the equity holders of the Company		3,820,144	4,924,347
– non-controlling interests		525,622	656,764
		4,345,766	5,581,111
Earnings per share attributable to the equity holders of the Company			
(Expressed in HK cents per share)			
– Basic	10(a)	42.95	55.65
– Diluted	10(b)	42.87	55.56

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	4,345,766	5,581,111
Other comprehensive income for the year, net of tax:		
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	(814,009)	—
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(2,856,868)	901,613
Gains on cash flow hedges	—	9,642
Hedging gains reclassified to profit or loss	—	(9,642)
Share of other comprehensive income of investments accounted for under the equity method		
– Share of currency translation differences	(24,929)	9,945
Release of exchange reserve upon disposal of a subsidiary	—	(1,279)
Total comprehensive income for the year	<u>649,960</u>	<u>6,491,390</u>
Total comprehensive income/(loss) for the year attributable to:		
– the equity holders of the Company	938,347	5,626,469
– non-controlling interests	(288,387)	864,921
	<u>649,960</u>	<u>6,491,390</u>

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		27,437,887	24,844,459
Right-of-use assets		2,166,912	1,917,239
Intangible assets		21,477	24,081
Prepayments for land use rights and property, plant and equipment	12	1,124,167	733,156
Finance lease receivables		219,820	247,046
Investments accounted for using the equity method		356,390	456,607
Deferred income tax assets		140,308	23,185
Total non-current assets		31,466,961	28,245,773
Current assets			
Inventories		2,029,241	2,045,318
Contract assets		41,710	38,987
Trade receivables	11	7,215,736	7,070,189
Bills receivables at amortised cost	11	2,351,187	2,400,292
Bills receivables at fair value through other comprehensive income	11	858,689	—
Prepayments, deposits and other receivables	12	1,018,466	1,670,513
Finance lease receivables		12,035	12,107
Current tax assets		101,814	118,634
Amounts due from related companies		8,403	10,273
Amount due from investments accounted for using the equity method		100,371	—
Pledged bank deposits		44,731	—
Cash and cash equivalents		5,325,714	7,458,267
Total current assets		19,108,097	20,824,580
Total assets		50,575,058	49,070,353

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

		2022	2021
	Note	<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		889,624	889,076
Share premium and other reserves		10,931,450	13,986,575
Retained earnings		17,927,338	15,436,432
		<u>29,748,412</u>	30,312,083
Non-controlling interests		5,482,965	5,585,338
		<u>35,231,377</u>	35,897,421
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		174,962	30,497
Bank borrowings	14	3,674,172	4,350,341
Lease liabilities		830,342	793,778
Other payables	13	53,849	282,303
		<u>4,733,325</u>	5,456,919
Current liabilities			
Bank borrowings	14	4,358,088	3,657,554
Trade and other payables	13	5,421,742	3,717,890
Contract liabilities		109,656	91,098
Lease liabilities		50,051	46,813
Amounts due to related companies		450,205	16,740
Current income tax liabilities		220,614	185,918
		<u>10,610,356</u>	7,716,013
Total current liabilities		<u>10,610,356</u>	7,716,013
Total liabilities		<u>15,343,681</u>	13,172,932
Total equity and liabilities		<u>50,575,058</u>	49,070,353

NOTES:

1 Summary of significant accounting policies

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

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622). The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss (“**FVPL**”) or other comprehensive income (“**FVOCI**”) and derivative financial instrument.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) Amendments to standards adopted by the Group

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing 1 January 2022:

- Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021
- Reference to the Conceptual Framework – Amendments to HKFRS 3
- Annual Improvements to HKFRS Standards 2018-2020, and
- Amendments to Accounting Guideline 5 (Revised), Merger Accounting for Common Control Combinations

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- (b) New standard, amendments to standards and interpretation have been issued but are not effective for the accounting period beginning on 1 January 2022 and have not been early adopted:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
HKFRS 17	Insurance Contracts and the Related Amendments	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS10 and HKAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint venture	To be determined

These new standard, amendments to standards and interpretation are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(c) Change in accounting policy

In order to enhance the comparability of the financial statements with other peers in the industry, the Group has changed the classification of transportation and related expenses, which are part of the contract fulfilment costs incurred before the control of the solar glass products transferred to the customers, from selling and marketing expenses to cost of sales in the financial statements for the year ended 31 December 2022. Accordingly, the transportation and related expenses for the prior year have been reclassified to conform to the current year presentation.

	2021 <i>HK\$'000</i> <i>(As previously reported)</i>	Increase/ (decrease) <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(As restated)</i>
Consolidated income statement (extract)			
Cost of sales	8,516,183	505,874	9,022,057
Selling and marketing expenses	527,387	(505,874)	21,513
Gross profit	7,548,472	(505,874)	7,042,598

There was no impact on the Group's retained earnings as at 1 January 2022 as a result of the adoption of voluntary policy change.

3 Revenue and segment information

Revenues recognised during the year are as follows:

	2022	2021
	HK\$'000	HK\$'000
Sales of solar glass	<u>17,655,075</u>	<u>13,019,419</u>
Solar farm business		
– Sales of electricity	1,660,645	1,447,598
– Tariff adjustment	1,425,535	1,391,871
	<u>3,086,180</u>	2,839,469
Less: Deduction of tariff adjustment (Note(i))	<u>(341,793)</u>	—
	<u>2,744,387</u>	<u>2,839,469</u>
Unallocated		
– Engineering, procurement and construction (“EPC”) services	57,619	134,227
– Sales of mining products	86,960	71,540
	<u>144,579</u>	<u>205,767</u>
Total revenue	<u>20,544,041</u>	<u>16,064,655</u>

Note:

- (i) Pursuant to “Notice on clarification of policy interpretation with regards to verification of eligibility for the renewable energy power generation subsidy” (the “Notice”) issued on 8 October 2022, some solar farm projects of the Group may be subject to possible deduction of revenue recognised from tariff adjustment in accordance with the requirements and conditions for the entitlement of the tariff subsidy as set out in the Notice. During the year ended 31 December 2022, the Group performed a reassessment on the estimation of revenue recognised from tariff adjustment as required by the prevailing rules and regulations and recognised the amount of deduction of approximately HK\$341,793,000 (2021: Nil) as a reduction of revenue on a cumulative basis.

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

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

For the year ended 31 December 2022, there are two operating segments based on business type: (1) sales of solar glass and (2) solar farm business, which includes solar farm development and solar power generation. As EPC services previously included in the “solar farm business” segment in 2021 is not a core business of the Group, they are classified as “unallocated” in the segment information. Certain comparative figures have been re-presented to conform to current year presentation.

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

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

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

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

	Year ended 31 December 2021 (Restated)			
	Sales of solar glass <i>HK\$'000</i>	Solar farm business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue				
Recognised at a point in time	13,019,419	2,839,469	71,540	15,930,428
Recognised over time	<u>—</u>	<u>—</u>	<u>134,227</u>	<u>134,227</u>
Revenue from external customers	13,019,419	2,839,469	205,767	16,064,655
Cost of sales (Note)	<u>(8,172,464)</u>	<u>(714,775)</u>	<u>(134,818)</u>	<u>(9,022,057)</u>
Gross profit	<u>4,846,955</u>	<u>2,124,694</u>	<u>70,949</u>	<u>7,042,598</u>
Segment revenue by geographical area				
Mainland China	9,769,715	2,835,748	80,322	12,685,785
Other areas in Asia	2,461,905	—	—	2,461,905
North America and Europe	597,197	3,721	125,445	726,363
Others	<u>190,602</u>	<u>—</u>	<u>—</u>	<u>190,602</u>
	<u>13,019,419</u>	<u>2,839,469</u>	<u>205,767</u>	<u>16,064,655</u>

Note:

In 2022, transportation and related expenses incurred before the transfer of control of goods to customers and for the performance of sales contracts related to the Group's sales of solar glass were classified as "cost of sales" in the consolidated income statement. In prior years, these expenses were classified as "selling and marketing expenses" in the consolidated income statement. To conform to the current year's presentation, certain comparative figures have been reclassified (Note 2(c)).

	Other segment information			
	Sales of solar glass HK\$'000	Solar farm business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Year ended 31 December 2022				
Depreciation charge of property, plant and equipment	837,267	645,047	6,263	1,488,577
Depreciation charge of right-of-use assets	16,820	45,158	1,763	63,741
Amortisation charges of intangible assets	—	—	1,629	1,629
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	<u>4,226,194</u>	<u>2,193,145</u>	<u>832,366</u>	<u>7,251,705</u>
Year ended 31 December 2021 (Restated)				
Depreciation charge of property, plant and equipment	509,409	604,451	4,548	1,118,408
Depreciation charge of right-of-use assets	19,677	34,956	1,377	56,010
Amortisation charge of intangible assets	—	—	1,432	1,432
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	<u>3,383,756</u>	<u>2,159,070</u>	<u>39,743</u>	<u>5,582,569</u>
	Assets and liabilities			
	Sales of solar glass HK\$'000	Solar farm business HK\$'000	Unallocated HK\$'000	Total HK\$'000
At 31 December 2022				
Total assets	<u>26,033,422</u>	<u>22,681,819</u>	<u>1,859,817</u>	<u>50,575,058</u>
Total liabilities	<u>4,789,870</u>	<u>7,072,300</u>	<u>3,481,511</u>	<u>15,343,681</u>
At 31 December 2021 (Restated)				
Total assets	24,097,990	23,895,275	1,077,088	49,070,353
Total liabilities	<u>2,570,341</u>	<u>7,123,787</u>	<u>3,478,804</u>	<u>13,172,932</u>

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

	Assets		Liabilities	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)
Segment assets/(liabilities)	48,715,241	47,993,265	(11,862,170)	(9,694,128)
Unallocated:				
Property, plant and equipment	99,480	85,628	—	—
Right-of-use assets	152,554	9,219	—	—
Intangible assets	10,440	12,892	—	—
Prepayments for land use rights and property, plant and equipment	672,155	4,143	—	—
Finance lease receivables	231,855	259,153	—	—
Investments accounted for using the equity method	356,390	456,607	—	—
Inventories	10,123	10,814	—	—
Trade and bills receivable	6,401	56,734	—	—
Prepayments, deposit and other receivables	19,370	89,977	—	—
Contract assets	41,710	38,987	—	—
Amounts due from related companies	12,077	7,778	—	—
Amount due from investments accounted for using the equity method	100,371	—	—	—
Cash and cash equivalents	138,058	35,830	—	—
Deferred income tax assets	8,833	9,326	—	—
Trade and other payables	—	—	(166,162)	(312,050)
Contract liabilities	—	—	(8,196)	(13,767)
Current income tax liabilities	—	—	(1,823)	(3,188)
Lease liabilities	—	—	(1,333)	(1,933)
Amounts due to related companies	—	—	(285,614)	(2,008)
Deferred income tax liabilities	—	—	(15,051)	(18,182)
Bank borrowings	—	—	(3,003,332)	(3,127,676)
Total assets/(liabilities)	<u>50,575,058</u>	<u>49,070,353</u>	<u>(15,343,681)</u>	<u>(13,172,932)</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Segment gross profit	6,126,605	6,971,649
Unallocated gross profit	31,905	70,949
Total gross profit	6,158,510	7,042,598
Other unallocated items:		
Other income	240,035	277,664
Other gains/(losses) - net	43,282	(70,617)
Selling and marketing expenses	(91,312)	(21,513)
Administrative and other operating expenses	(979,181)	(710,697)
Net impairment losses on financial and contract assets	(53,641)	(3,029)
Finance income	30,866	156,645
Finance costs	(198,392)	(140,766)
Share of net profits of investments accounted for using the equity method	30,811	38,036
Profit before income tax	5,180,978	6,568,321

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

Revenue of approximately HK\$2,871,379,000 (2021: HK\$1,903,967,000) and HK\$2,791,384,000 (2021: HK\$1,857,992,000) were derived from customer B and customer C from solar glass business, which separately accounted for more than 10% of the Group's revenue for the year ended 31 December 2022 and 2021.

Revenue of approximately HK\$1,679,334,000 was derived from customer A from solar farm business, which accounted for more than 10% of the Group's revenue for the year ended 31 December 2021.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Mainland China	29,594,409	26,514,054
Others	1,512,424	1,461,488
	31,106,833	27,975,542

4 Other income

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government grants (Note (i))	140,622	152,600
Scrap sales (Note (ii))	60,018	74,405
Tariff adjustments for electricity generation from self-used solar power system	18,102	17,839
Rental income	2,913	2,055
Others (Note (iii))	18,380	30,765
	<u>240,035</u>	<u>277,664</u>

Notes:

- (i) Government grants mainly represent grants received from the The People's Republic of China (the "PRC") government in subsidising the Group's certain operating costs and general operations.
- (ii) Scrap sales were shown in net amount with the other income at HK\$170,460,000 (2021: HK\$119,085,000) and other expenses at HK\$110,442,000 (2021: HK\$44,680,000).
- (iii) It mainly represents compensation of insurance claims and other miscellaneous income.

5 Other gains/(losses) - net

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net fair value gains on financial assets at fair value through profit or loss	94,695	—
Foreign exchange losses, net	(19,378)	(8,471)
Impairment losses on property, plant and equipment	(15,277)	—
Losses on disposal of bills receivables at fair value through other comprehensive income	(12,146)	—
(Losses)/gains on disposal of property, plant and equipment	(4,612)	476
Net gain on futures contracts not qualified as effective hedges	—	2,700
Loss on disposal of a subsidiary	—	(65,322)
	<u>43,282</u>	<u>(70,617)</u>

6 Expenses by nature

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration		
– Audit services	3,587	3,261
Amortisation charge of intangible assets	1,629	1,432
Depreciation charge of property, plant and equipment	1,488,577	1,118,408
Depreciation charge of right-of-use assets	63,741	56,010
Employee benefit expenses (including directors' emoluments)	951,292	674,414
Raw material and consumables used	11,270,795	8,121,546
Changes in inventories	16,077	(1,317,041)
Cost of inventories sold	11,286,872	6,804,505
Other direct operating cost of solar farm	65,995	42,437
Construction contracts costs	41,161	84,839
Impairment losses on inventories	27,331	—
Payments in relation to short term leases of land and buildings	6,648	1,637
Transportation costs	675,027	493,028
Research and development expenditures	561,890	323,615
Other expenses	282,274	150,681
	<u>15,456,024</u>	<u>9,754,267</u>

7 Finance income and costs

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Finance income		
Interest income from bank deposits	<u>30,866</u>	<u>156,645</u>
Finance costs		
Interest for lease liabilities	50,868	45,497
Interest on bank borrowings	216,932	116,330
Less: amounts capitalised on qualifying assets	(69,408)	(21,061)
	<u>198,392</u>	<u>140,766</u>

8 Income tax expense

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
– PRC corporate income tax (“CIT”) (Note (iii))	782,136	749,607
– Overseas income tax (Note (iv))	20,251	1,693
– PRC withholding tax	8,931	—
– Overprovision in prior years	(5,188)	(159)
	<u>806,130</u>	<u>751,141</u>
Deferred income tax	29,082	236,069
	<u>835,212</u>	<u>987,210</u>

Notes:

- (i) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.
- (ii) Hong Kong profits tax has been provided at the two-tiered rate of 8.25% for the first HK\$2 million of the estimated assessable profits for one of the Group’s subsidiaries in Hong Kong and 16.5% on the remaining estimated assessable profits for the year (2021: same).
- (iii) The applicable CIT rate for the Group’s subsidiaries in the PRC is 25% except that:
- As at 31 December 2022, three (2021: one) subsidiaries engaging in solar glass business and one (2021: one) subsidiary engaging in solar farm business are qualified as “High and New Technology Enterprise” and can enjoy a preferential CIT rate of 15% (2021: 15%).
 - As at 31 December 2022 and 2021, a subsidiary engaging in solar glass business and a subsidiary engaging in solar farm business are qualified as “Encouraged Enterprise” in the Catalogue of Industries Encouraged for Foreign Investment in Central and Western Region and can enjoy a preferential CIT rate of 9% (2021: 9%).
 - Subsidiaries engaging in the operation and management of solar farms are fully exempted from the CIT for three years starting from its first year of revenue generation, followed by 50% reduction in CIT in next three years. However, their government grants and insurance claims received are subject to the CIT rate of 25% (2021: 25%).

- (iv) Taxation on overseas profits mainly include Malaysia income tax which has been calculated on the estimated assessable profits for the year at the standard Malaysia corporate income tax rates of 24% (2021: 24%).

9 Dividends

	2022	2021
	HK\$'000	HK\$'000
Interim dividend of 10.0 HK cents (2021: 17.0 HK cents) per share (Note (a))	889,562	1,511,234
Proposed final dividend of 10.0 HK cents (2021: 10.0 HK cents) per share (Note (b))	889,624	889,510

Notes:

- (a) An interim dividend for the six months ended 30 June 2022 of 10.0 HK cents (2021: 17.0 HK cents) per share was paid in cash whose names appeared on the Register of Members of the Company on 17 August 2022 (2021: 23 August 2021).
- (b) A final dividend in respect of the year ended 31 December 2022 of 10.0 HK cents (2021: 10.0 HK cents) per share, amounting to a total dividend of HK\$889,624,000 (2021: HK\$889,510,000) is to be proposed at the forthcoming annual general meeting. The amount of 2022 proposed final dividend is based on 8,896,240,338 shares in issue as at 31 December 2022. These financial statements do not reflect the proposed final dividend for the year ended 31 December 2022.

10 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Profit attributable to equity holders of the Company (HK\$'000)	3,820,144	4,924,347
Weighted average number of shares in issue (thousands)	8,894,405	8,849,069
Basic earnings per share (HK cents)	42.95	55.65

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise of share options.

	2022	2021
Profit attributable to equity holders of the company (HK\$'000)	3,820,144	4,924,347
Weighted average number of ordinary shares in issue (thousands)	8,894,405	8,849,069
Adjustments for share options (thousands)	16,116	13,695
	<u>8,910,521</u>	<u>8,862,764</u>
Diluted earnings per share (HK cents)	<u>42.87</u>	<u>55.56</u>

11 Trade and bills receivables

	2022	2021
	HK\$'000	HK\$'000
Trade receivables (Note (a))	7,267,050	7,080,238
Less: Loss allowance (Note (b))	(51,314)	(10,049)
Trade receivables, net	<u>7,215,736</u>	<u>7,070,189</u>
Bills receivables at amortised cost (Note (c))	2,353,144	2,400,292
Less: Loss allowance	(1,957)	—
Bills receivables at amortised cost, net	<u>2,351,187</u>	<u>2,400,292</u>
Bills receivables at fair value through other comprehensive income ("FVOCI")	<u>858,689</u>	<u>—</u>

Notes:

(a) Trade receivables

Breakdown of trade receivables by segment is as follows:

	Sales of solar glass	Solar farm business	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 December 2022				
Sales of solar glass	3,483,978	—	—	3,483,978
Sales of electricity	—	152,089	—	152,089
Tariff adjustment	—	3,614,662	—	3,614,662
Other service revenue	—	—	16,321	16,321
	<u>3,483,978</u>	<u>3,766,751</u>	<u>16,321</u>	<u>7,267,050</u>
At 31 December 2021				
Sales of solar glass	1,819,437	—	—	1,819,437
Sales of electricity	—	131,791	—	131,791
Tariff adjustment	—	5,066,506	—	5,066,506
Other service revenue	—	—	62,504	62,504
	<u>1,819,437</u>	<u>5,198,297</u>	<u>62,504</u>	<u>7,080,238</u>

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

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

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	7,123,702	6,988,909
91 days to 180 days	124,928	70,154
181 days to 365 days	9,357	5,302
1 to 2 years	234	2,674
Over 2 years	8,829	13,199
	<u>7,267,050</u>	<u>7,080,238</u>

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

	2022	2021
	HK\$'000	HK\$'000
0 to 90 days	450,950	500,542
91 days to 180 days	442,087	434,193
181 days to 365 days	708,047	791,233
1 to 2 years	1,069,889	1,465,723
Over 2 years	1,095,778	2,006,606
	<u>3,766,751</u>	<u>5,198,297</u>

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

	2022	2021
	HK\$'000	HK\$'000
RMB	6,947,075	6,876,838
US\$	296,208	182,208
Other currencies	23,767	21,192
	<u>7,267,050</u>	<u>7,080,238</u>

- (b) The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables by segment.

The closing loss allowances for trade receivables of the Group as at 31 December 2022 reconcile to the opening loss allowances as follows:

	2022	2021
	HK\$'000	HK\$'000
Opening loss allowance	10,049	19,214
Provision of loss allowance recognised in consolidated income statement – net	42,568	3,029
Receivables written off during the year as uncollectible	(516)	(12,194)
Currency translation differences	(787)	—
Closing loss allowance	<u>51,314</u>	<u>10,049</u>

- (c) The maturity of the bills receivables is within 1 year. As at 31 December 2022, bills receivables of HK\$14,303,000 (2021: HK\$63,926,000) was pledged as collaterals for obtaining letter of credit facilities in the PRC.

12 Prepayments, deposits and other receivables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Prepayments	1,544,814	1,243,018
Deposits and other receivables	315,380	432,225
Other tax receivables (Note)	287,691	728,426
	<u>2,147,885</u>	<u>2,403,669</u>
Less: Non-current portion:		
Prepayments for land use rights and property, plant and equipment	<u>(1,124,167)</u>	<u>(733,156)</u>
Current portion	1,023,718	1,670,513
Less: Provision for impairment	<u>(5,252)</u>	<u>—</u>
	<u><u>1,018,466</u></u>	<u><u>1,670,513</u></u>

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

13 Trade and other payables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables (Note (a))	1,664,697	549,406
Retention payables for EPC services	<u>—</u>	<u>157</u>
Trade payables and retention payable for EPC services (Note (a))	1,664,697	549,563
Bills payables (Note (b))	<u>873,254</u>	<u>733,986</u>
Trade, retention and bills payables (Note(c))	2,537,951	1,283,549
Accruals and other payables (Note (d))	<u>2,883,791</u>	<u>2,434,341</u>
	<u><u>5,421,742</u></u>	<u><u>3,717,890</u></u>
Deferred government grants (Note (e))	<u>—</u>	<u>210,372</u>
Retention payables for construction of solar farms	<u>53,849</u>	<u>71,931</u>
Non-current portion	<u><u>53,849</u></u>	<u><u>282,303</u></u>

Notes:

- (a) The ageing analysis of the trade payables and retention payables for EPC services based on invoice date is as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	1,501,983	517,566
91 days to 180 days	92,519	10,787
181 days to 365 days	51,669	4,471
Over 1 year	18,526	16,739
	<u>1,664,697</u>	<u>549,563</u>

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

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
RMB	2,423,769	1,232,408
Other currencies	114,182	51,141
	<u>2,537,951</u>	<u>1,283,549</u>

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Payables for property, plant and equipment	2,137,892	1,743,529
Accruals for employee benefits and welfare	200,845	200,676
Payables for transportation costs and other operating expenses	116,540	152,664
Provision for value added tax and other taxes in the PRC	242,711	194,041
Payables for utilities	94,273	79,311
Others	91,530	64,120
	<u>2,883,791</u>	<u>2,434,341</u>

(e) The government grants were received from the government in subsidising the Group's purchase of property, plant and equipment in the PRC. It will be netted off with the cost of acquisition when property, plant and equipment are acquired and are recognised in the consolidated income statement on a straight-line basis over the expected lives of the related assets.

(f) The carrying amounts of trade and other payables approximate their fair values.

14 Bank borrowings

The bank borrowings are unsecured and repayable as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Repayable on demand and within 1 year	4,358,088	3,657,554
Between 1 and 2 years	2,644,901	2,727,774
Between 2 and 5 years	1,029,271	1,622,567
	<u>8,032,260</u>	<u>8,007,895</u>
Less: Non-current portion	<u>(3,674,172)</u>	<u>(4,350,341)</u>
Current portion	<u><u>4,358,088</u></u>	<u><u>3,657,554</u></u>

15 Transaction with non-controlling interests

On 7 April 2022, Xinyi Energy Holdings Limited (“**Xinyi Energy**”), a non-wholly owned subsidiary of the Company, issued and allotted 188,400,000 new ordinary shares at a subscription price of HK\$4.14 each to independent third parties pursuant to two subscription agreements dated 28 March 2022. The gross proceeds and the net proceeds were HK\$780.0 million and HK\$779.4 million, respectively. Immediately after this issuance of new ordinary shares, the Company's indirect equity interest in Xinyi Energy had been reduced from 50.05% to 48.76%. In relation to this change in equity interest in Xinyi Energy, the Group recognised an increase in equity attributable to equity holders of the Company of HK\$233.0 million and an increase in non-controlling interests of HK\$546.4 million.

On 28 September 2022, Xinyi Energy issued scrip shares 142,001,784 new ordinary shares pursuant to its scrip dividend scheme in relation to its interim dividend for the six months ended 30 June 2022. Immediately after the issuance of scrip shares, the Company's indirect equity interest in Xinyi Energy had been increased from 48.76% to 49.03%. The Group recognised a decrease in other reserve of the Company and an increase in non-controlling interests of HK\$33.0 million, respectively.

On 29 December 2022, a wholly owned subsidiary of the Group completed the disposal of all issued shares of Wuhu Xinze Renewable Energy Limited and its subsidiaries (“**Xinze Renewable Energy Group**”) (the “**Group 3 Partial Disposal**”) to Xinyi Energy at a cash consideration of HK\$62.8 million pursuant to a sale and purchase agreement dated 11 April 2022. Xinze Renewable Energy Group owns and operates two solar farm projects with an aggregated approved capacity of 150MW in the PRC. Upon completion of the Group 3 Partial Disposal, the Company’s indirect equity interest in Xinze Renewable Energy Group had been reduced from 100% to 49.03% without loss of control. Hence, the Group recognised a transaction with non-controlling interests, resulting in a decrease of non-controlling interests amounting HK\$32.0 million in relation to the Group 3 Partial Disposal.

The effect of the above transactions with non-controlling interests on the equity attributable to equity holders of the Company during the year ended 31 December 2022 is summarised as follows:

	Xinyi Energy Subscription	Xinyi Energy Scrip share issuance	Xinyi Energy Group 3 Partial Disposal	Total
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Increase/(decrease) in equity attributable to equity holders of the Company	233,005	(32,987)	25,864	225,882
Increase/(decrease) in non-controlling interests	546,413	32,987	(32,001)	547,399
Increase/(decrease) in total equity	779,418	—	(6,137)	773,281

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Supply bottlenecks in polysilicon caused solar module prices to remain high throughout 2022. However, the energy crisis triggered by the rising geopolitical tensions and soaring energy prices have prompted many countries to accelerate their solar deployment. Strong growth in the downstream photovoltaic (“PV”) installations has led to significant increases in the demand for solar glass, which largely absorbed the new supply in the solar glass industry in 2022. As a result, the overall supply and demand in the solar glass market remained generally balanced during the year. The rapid growth of the market, coupled with the increase in the Group’s production capacity, led to a significant increase in the Group’s solar glass sales volume in 2022, up 44.4% from 2021. However, the significant increases in raw material and energy costs and the balanced market supply and demand dampened the sales price growth, resulting in a reduced gross profit contribution from the Group’s solar glass business segment compared to 2021.

During the year, the Group achieved consolidated revenue of HK\$20,544.0 million, representing an increase of 27.9% as compared to 2021. Profit attributable to the equity holders of the Company, however, decreased by 22.4% to HK\$3,820.1 million. Basic earnings per share were 42.95 HK cents for 2022, as compared to 55.65 HK cents for 2021. A final dividend of 10.0 HK cents per share has been proposed, which is subject to approval by the shareholders (the “Shareholders”) of the Company at the forthcoming annual general meeting (the “AGM”).

BUSINESS REVIEW

Global PV installations continued to show strong growth despite various challenges

With the global efforts to combat climate change, PV power generation has seen unprecedented development opportunities, bringing important changes to the transformation of energy systems. However, the significantly high level of raw material and energy costs, coupled with surging polysilicon prices, continued to keep PV installation costs at high levels, which inhibited the growth of the downstream demand, especially for the utility-scale centralised projects.

Despite these challenging factors, the global PV installations still showed strong resilience in 2022, mainly due to the increasing demand for solar energy facilities as a result of the energy crisis caused by the Russia-Ukraine war and the increasing global inflationary pressure, which led to significant price increases in the oil and gas markets. Hence, the PV energy was not less competitive as compared to other traditional energy sources in 2022, even though there was no year-on-year drop in the installation costs. In addition, the development and improvement in the energy storage technology and efficiency have greatly expanded the range of applications for PV power generation and helped to enhance the power supply stability. While many countries have accelerated their efforts to promote solar power as a new source of energy, the percentage in the overall electricity market is still low. The development potential of PV energy is therefore huge.

The global PV installations grew at double digit each year for the past few years, with an accelerating growth rate. This trend continued in 2022, with the annual installations set to reach new high levels again. The growth in 2022 was mainly driven by the strong demand from China, Europe and India, which could fully offset the decline in the United States (the “U.S.”). Hindered by the uncertainty on the regulatory policies in relation to the import of solar modules, the PV installations in the U.S. fell short of the original expectation in 2022.

China’s PV installations recorded a new high in 2022, with a more diversified development mode

Driven by the dual carbon targets and related policies, China’s PV installations achieved a record high in 2022 despite the supply chain bottlenecks and the COVID-related quarantine restrictions imposed in some cities in the People’s Republic of China (the “PRC”). According to the statistics released by the National Energy Administration (“NEA”), the newly installed PV capacity grew by 60.3% year-on-year to 87.41GW in 2022 and the new distributed installations accounted for 58.5% of such annual increase, up 74.6% year-on-year. The growth in the utility-scale installations was limited by the high system costs, land availability, mandatory energy storage and other policy requirements. In contrast, the distributed generation market has experienced a rapid growth due to the lower price sensitivity, policy support and subsidies from local governments, as well as the implementation of the county-wide rooftop distributed PV pilot program.

Although the installed capacity of the utility-scale projects has not increased as much as that of the distributed generation projects in 2022, mega-sized wind and PV bases in desert areas, as well as various “PV+” projects and “power generation, grid, load and storage” integrated projects, have been constructed with the strong support from the government policies. The development and the application of PV projects in the PRC will become more diversified, which could further drive the industry to develop new technologies, reduce costs and improve the overall efficiency.

Through the technological innovation and efficiency improvement, the business model of the China’s PV industry has transitioned from subsidy-driven to grid-parity, and solar power is also changing from being a supplement to traditional energy sources to being a viable choice of energy for general consumption. The rapid growth of the PV installed capacity in recent years and the underlying optimism about the future prospects of the industry have led to a significant increase in investments in different segments of the PV industry. In addition to the expansion of the scale of their own operations, some industry players have also extended their operations to upstream and downstream segments. Cross-border businesses have also emerged. Industry competition has become increasingly fierce. In addition, a number of long-standing issues in the PV industry, such as phased mismatched supply-demand in different segments, price fluctuations in some products in the value chain, limited grid consumption capacity and restrictions caused by international trade disputes, have brought uncertainties to the future development of the PV industry. The key to success in the PV industry is to sustain growth, reduce costs, improve efficiency, achieve long-term technological innovation and remain competitive.

Increased production costs and more intense competition resulted in high pressure on gross margin

The overall supply and demand situation in the solar glass market remained generally balanced in 2022. However, with the significant increases in the production costs but limited increase in the product prices, the gross profit margins of solar glass manufacturers were under pressure as the cost increase might not be transferred to customers or end-users of solar glass products.

Similar to other segments of the PV industry value chain, some existing and new industry players of the solar glass industry have been actively expanding their production capacity as the downstream installation demand continues to increase and the future market prospects look promising. Despite the significant increase in the industry supply, the supply and demand situation in the solar glass market remained generally balanced in 2022. During the year, the product prices fluctuated narrowly as compared to the previous two years, and industry inventory levels remained stable at a normal level.

Solar glass prices generally showed a slight upward trend in 2022. However, the annual average price in 2022 was still lower than the same in 2021, mainly due to the high base effect caused by the unusually high prices during the first quarter of 2021. The lower average selling price (“ASP”), coupled with the significantly high procurement costs, resulted in decreases in the gross profit margin of the Group’s solar glass segment in 2022.

Product portfolio enhancement and capacity expansion to meet market demands

The optimisation in the solar module design and the continuous increase in the operational efficiency have placed new demands focusing on the specifications and the quality of the solar glass. The increasing popularity of double-glass, bifacial and large-format solar modules has led to more diverse (larger and thinner) specifications for solar glass. In order to meet the market demand for such differentiated products, solar glass manufacturers not only need to increase their investments in research and technological innovation, but also enhance their overall management and production deployment capabilities.

The Group has rich experience in building and operating solar glass production lines of various scales in China and overseas, and is a pioneer in the thin glass and large-format glass markets. The trend of product differentiation can provide the Group with more opportunities for growth and enhance cooperation with strategic customers.

Given that the global PV installations have entered a new phase of rapid development with an expected accelerated growth rate in the coming years, the Group has increased its capacity expansion plan to capture the new market opportunities for the purpose of maintaining its leading market position. During 2022, the Group added six new solar glass production lines each with a daily melting capacity of 1,000 tonnes, compared to four new solar glass production lines each with a daily melting capacity of 1,000 tonnes in 2021. In addition, two production lines each with a daily melting capacity of 900 tonnes resumed operations in the second quarter of 2022, after cold repairs that began in the fourth quarter of 2021.

As at 31 December 2022, the Group's total solar glass melting capacity reached 19,800 tonnes per day. By adopting advanced design and production technologies, the new production lines not only expanded the Group's scale of operation, but also increased the Group's overall production efficiency and cost savings. Leveraging its increased capacity and flexible marketing strategies, the Group achieved a year-on-year growth of 44.4% in solar glass sales volume (in terms of tonnage) and 35.6% in revenue in 2022. The proportion of thin glass sales in the Group's total solar glass sales also increased significantly, especially in the second half of the year, which helped to mitigate the pressure on gross profit margins caused by rising raw material and energy costs.

Continuous increase in grid-connected capacity of the solar farm business

With regard to the self-developed solar farm projects, the Group completed the grid connection of six projects with an aggregate approved grid-connected capacity of 392 megawatts ("MW") in 2022, of which 352MW was utility-scale ground-mounted projects and 40MW was for commercial and self-used distributed generation projects. Development and construction work was slower than planned due to high installation costs, land availability, increased financing costs and grid connection issues.

As for the sales of solar farm projects to Xinyi Energy Holdings Limited ("**Xinyi Energy**" and its subsidiaries, collectively "**Xinyi Energy Group**"), the Group completed the sales of solar farm projects with a capacity of 150MW to Xinyi Energy in December 2022. The transaction was carried out under the business delineation requirement between the Group and Xinyi Energy Group and assisted the Group to recover available funds more quickly. In addition to the acquisition of solar farm projects from Xinyi Solar, Xinyi Energy Group added solar farm projects with an aggregate capacity of 414MW in 2022.

The total electricity generated from the Group's solar farm projects grew steadily during the year, primarily due to the new capacity completed or acquired. As at 31 December 2022, the cumulative approved grid-connected capacity of the Group's solar farm projects was 4,879MW, of which 4,566MW was for utility-scale ground-mounted projects and 313MW was for rooftop distributed generation projects with electricity generated for self-consumption or for sale to the grid. In terms of ownership, solar farm projects with a capacity of 3,058MW were held through Xinyi Energy, a subsidiary owned as to 49.03% by the Company; solar farm projects with a capacity of 1,721MW were held through wholly-owned subsidiaries of the Company; and a solar farm project with a capacity of 100MW was held by an entity owned as to 50% by the Group.

Of the 4,566MW of utility-scale ground-mounted projects owned by the Group as of 31 December 2022, solar farms with a capacity of 2,164MW were subsidised projects and solar farms with a capacity of 2,402MW were grid-parity projects.

FINANCIAL REVIEW

With the continuous growth in the downstream demand, the Group's solar glass business achieved sales growth of 44.4% (in terms of tonnage) in 2022. However, the gross profit contribution from this segment was down 13.5% compared to 2021 due to the impact of higher energy and raw material costs which could only be partially passed on to end customers amid a more competitive market environment and significant increase in industry supply. The Group's solar farm projects generated more electricity in 2022 than in 2021; however, after taking into account the deduction of tariff adjustment (subsidy) receivables, the segment's gross profit contribution decreased by 9.0% year-on-year.

For the year ended 31 December 2022, the Group achieved consolidated revenue of HK\$20,544.0 million, representing a 27.9% increase as compared to 2021. Profit attributable to equity holders of the Company decreased by 22.4% to HK\$3,820.1 million. Basic earnings per share were 42.95 HK cents for 2022 as compared to 55.65 HK cents for 2021.

Revenue

Revenue for the year ended 31 December 2022 was mainly derived from two core business segments, namely, sales of solar glass and solar farm business.

Revenue – By Product

	Year Ended 31 December				Changes	
	2022		2021			
	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>%</i>
Sales of solar glass	<u>17,655.1</u>	85.9	<u>13,019.4</u>	81.0	4,635.7	35.6
Solar farm business						
Sales of electricity	1,660.7		1,447.6		213.1	14.7
Tariff adjustment	<u>1,425.5</u>		<u>1,391.9</u>		33.6	2.4
	3,086.2		2,839.5		246.7	8.7
Less: Deduction of tariff adjustment	<u>(341.8)</u>		<u>–</u>		(341.8)	n/a
	2,744.4	13.4	<u>2,839.5</u>	17.7	(95.1)	(3.3)
Unallocated	<u>144.6</u>	0.7	<u>205.8</u>	1.3	(61.2)	(29.7)
Total external revenue*	<u>20,544.0</u>	<u>100.0</u>	<u>16,064.7</u>	<u>100.0</u>	4,479.3	27.9

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

Solar Glass Revenue – By Geographical Area

	Year Ended 31 December					
	2022		2021		Increase/(Decrease)	
	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>% of revenue</i>	<i>HK\$ million</i>	<i>%</i>
Mainland China	13,463.7	76.3	9,769.7	75.0	3,694.0	37.8
Other areas in Asia	3,233.7	18.3	2,461.9	18.9	771.8	31.3
North America and Europe	903.8	5.1	597.2	4.6	306.6	51.3
Others	53.8	0.3	190.6	1.5	(136.8)	(71.8)
Total solar glass revenue*	<u>17,655.1</u>	<u>100.0</u>	<u>13,019.4</u>	<u>100.0</u>	4,635.7	35.6

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

For the year ended 31 December 2022, the Group's revenue from sales of solar glass surged by 35.6% year-on-year to HK\$17,655.1 million. The increase was mainly attributable to the increase in sales volume and sales mix optimisation, partially offset by lower ASP.

The increase in production capacity, coupled with continued growth in downstream PV demand and more sales from thin glass products, contributed to the Group's rapid sales growth in 2022. Driven by the growth in both domestic and international markets, the Group's total solar glass sales volume (in terms of tonnage) grew by 44.4% year-on-year in 2022.

There was generally a slight upward trend in solar glass prices in 2022, owing to constrained demand growth due to high module prices, increasing industry supply and surging production costs. During 2022, the market prices of mainstream 3.2 mm and 2.0 mm solar glass increased by 7.8% and 2.5%, respectively. However, in terms of annual average prices, prices for these two types of solar glass still recorded a decrease as compared to 2021, mainly due to the abnormal high prices in the first quarter of 2021.

In terms of geographic mix, overseas sales and domestic sales in Mainland China accounted for 23.7% (2021: 25.0%) and 76.3% (2021: 75.0%), respectively, of the Group's total solar glass sales in 2022. The geographic mix of the Group's solar glass sales was largely in line with the distribution of global solar module production capacity. In 2022, solar demand in Europe soared amid the energy crisis and carbon reduction initiatives, thereby fully offsetting the decline in the U.S. market.

The Group's electricity generation revenue for the year ended 31 December 2022 was mainly derived from the solar farms in the PRC as set forth below.

	Approved grid-connected capacity		
	As at 31	As at 30	As at 31
	December	June	December
	2022	2022	2021
	MW	MW	MW
Utility-scale ground-mounted solar farms			
Anhui	1,622	1,520	1,520
Hubei	980	630	630
Guangdong	550	450	450
Guangxi	400	400	400
Others (Tianjin, Henan, Hebei, etc.)	914	784	744
Sub-total	4,466	3,784	3,744
Commercial distributed generation projects	108	64	62
Total	4,574	3,848	3,806
Utility-scale ground-mounted solar farms			
Total number of solar farms	50	42	41
Weighted average feed-in-tariff ("FiT") * (RMB/kWh)	0.63	0.69	0.69

* The weighted average FiT rate is proportionately weighted in accordance with the basic FiT (after taking into account the possible deduction of tariff adjustment on solar farm projects not yet included in the First Qualified Project List (as defined below)) and the approved grid-connection capacity of each solar farm and is provided for information purposes only. In 2022, the actual prices of electricity sold by some solar farms were determined in accordance with market-based trading mechanisms.

Revenue from the solar farm segment (before the deduction of tariff adjustment receivables) grew steadily by 8.7% from HK\$2,839.5 million in 2021 to HK\$3,086.2 million in 2022. The increase was mainly attributable to the new capacities added or acquired, partially offset by the lower weighted average FiT and the depreciation of RMB against HKD. After taking into account of the deduction of tariff adjustment receivables, revenue from this segment dropped by 3.3% year-on-year. For more details about the adjustment for tariff adjustment receivables, please refer to the paragraph under “Deduction of tariff adjustment (Subsidy) receivables” set forth below.

Of the 768MW of utility-scale ground-mounted and commercial distributed generation solar farm projects newly added in 2022, 354MW was developed by the Group’s in-house engineering, procurement and construction team and 414MW was added by Xinyi Energy. All these new solar farms are grid-parity projects with FiTs lower than the weighted average of the Group’s existing portfolio. However, because of more timely collection of electricity generation receivables, they can provide more predictable and stable cash flows. As a result, the liquidity position of this business segment could be improved.

In 2022, the Group received tariff adjustment (subsidy) payments of RMB1,927.9 million (equivalent to HK\$2,245.2 million). Similar to other solar farm operators in the PRC, the Group has experienced delays in collecting subsidies from the government in relation to the electricity generation of its subsidised solar farm projects. As at 31 December 2022, the outstanding tariff adjustment (subsidy) receivable of the Group amounted to HK\$3,614.7 million (31 December 2021: HK\$5,066.5 million). Receivables from sales of electricity are generally settled on a monthly basis by state grid companies, while tariff adjustment (subsidy) receivables are settled in accordance with prevailing government policies.

Deduction of tariff adjustment (subsidy) receivables

The revenue of the Group's solar farm segment consisted of sales of electricity and tariff adjustment for the solar farm projects owned and operated by the Group. The amount of the tariff adjustment was in turn based on the expected amount of subsidies that would be received by the Group according to the approval documents at the time of grid connection of the relevant solar farm projects. No tariff adjustment revenue has been derived from grid parity solar farm projects.

On 8 and 28 October 2022, the “Notice on clarification of policy interpretation with regards to verification of eligibility for the renewable energy power generation subsidy (《關於明確可再生能源發電補貼核查認定有關政策解釋的通知》)” (the “**October Notice**”) and the “Announcement on publishing the List of the first batch of renewable energy generation subsidy compliant projects (《關於公佈第一批可再生能源發電補貼合規項目清單的公告》)” (the “**First Qualified Project List**”) were issued by the relevant PRC regulatory authorities. The October Notice specified more detailed requirements/guidance in the examination and verification works relating to the tariff adjustment (subsidy) receivables of renewable energy projects.

As at 31 December 2022, the Group held subsidised solar farm projects with a total approved capacity of 2,164 MW, of which 1,234 MW was included in the First Qualified Project List. Up to the date of this announcement, no member of the Group has received from the relevant PRC regulatory authorities any notification or request for cancellation or reduction of the tariff adjustment (subsidy) receivables. Nevertheless, considering the implications of the October Notice and the First Qualified Project List and the collection progress of the tariff adjustment receivables up to 31 December 2022, and for the sake of prudence, the Directors consider that it would be necessary to reduce the amount of tariff adjustment receivables as of 31 December 2022 by HK\$341.8 million. This amount has been deducted from the revenue of the Group for the year ended 31 December 2022.

The amount of the deduction is attributable to subsidised PRC solar farm projects owned and operated by Xinyi Energy (a non-wholly owned subsidiary owned as to 49.03% by the Company) and other wholly-owned subsidiaries of the Company. The table below sets forth the impact of the deduction during the year ended 31 December 2022:

	Attributable to subsidised solar farm projects owned by Wholly- owned subsidiaries			Xinyi Energy	Total
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Decrease in revenue	118.0	223.8			341.8
Less: Deferred tax impact	(8.5)	(16.9)			(25.4)
	109.5	206.9			316.4
Less: Impact shared by non-controlling interests	—	(105.5)			(105.5)
Decrease in net profit attributable to the equity holders of the Company	<u>109.5</u>	<u>101.4</u>			<u>210.9</u>

Gross profit⁽¹⁾

Gross profit decreased by HK\$884.1 million, or 12.6%, from HK\$7,042.6 million in 2021 to HK\$6,158.5 million in 2022. The Group's overall gross profit margin dropped to 30.0% (2021: 43.8%). These declines were primarily due to the decrease in profitability of the solar glass segment and a revenue reduction in the solar farm business resulting from the adjustment for tariff adjustment (subsidy) receivables.

Despite the 44.4% growth in sales volume, the gross profit of the Group's solar glass business fell by HK\$653.6 million, or 13.5%, in 2022 due to margin squeeze. The gross profit margin of this segment decreased by 13.4 percentage points to 23.8% in 2022 (2021: 37.2%). The decline was mainly attributable to (i) lower ASP compared to the previous year and (ii) soaring procurement costs for certain raw materials and energy and partially offset by (i) efficiency improvements from new capacity ramp-up and (ii) higher revenue and profit contributions from thin glass products (2.0mm).

(1) Gross profit is net of certain transportation and related expenses, which were previously classified as sales and marketing expenses. Please refer to the "Selling and marketing expenses" paragraph below for more information.

For the solar farm business, the gross profit decreased by 9.0% in 2022 to HK\$1,933.3 million (2021: HK\$2,124.7 million). The gross profit margin for 2022 was 70.4%, down from 74.8% in 2021. This was mainly due to the deduction of the certain tariff adjustment (subsidy) receivables related to previous years from the revenue in 2022. If excluding the effect of such deductions, the gross profit margin in 2022 would have been 73.7%, which was of no significant difference to that in 2021.

Other income

During the year, other income decreased by HK\$37.7 million to HK\$240.0 million, as compared to HK\$277.7 million recorded in 2021. The decrease was principally due to the decrease in government grant income, scrap sales and other miscellaneous income.

Other gains/(losses) – net

The Group recorded other gains – net of HK\$43.3 million in 2022, versus other losses – net of HK\$70.6 million in 2021. Other gains – net in 2022 mainly comprises: (i) the net fair value gains on financial assets at fair value through profit or loss of HK\$94.7 million, (ii) impairment losses on property, plant and equipment of HK\$15.3 million; (iii) foreign exchange losses, net of HK\$19.4 million; and (iv) losses on disposal of bills receivables at fair value through other comprehensive income of HK\$12.1 million.

The net fair value gain on financial assets at fair value through profit or loss in 2022 represents the investment return on wealth management products that the Group subscribed from financial institutions in the PRC as part of its treasury management policy.

The impairment losses on property, plant and equipment in 2022 was related to a solar farm project under development during the year. The construction of this project has not progressed as planned because new restrictions are in place in restricting the use of land which is close to the shoreline of rivers and lakes.

Net impairment losses on financial and contract assets

The net impairment losses on financial and contract assets increased from HK\$3.0 million in 2021 to HK\$53.6 million in 2022. The net impairment losses on financial and contract assets in 2022 mainly comprised: (i) impairment losses on trade receivables of HK\$42.6 million and (ii) other impairment losses of HK\$11.0 million on other miscellaneous financial and contract assets measured by using the expected credit loss model.

The impairment losses on trade receivables of HK\$42.6 million in 2022 was mainly related to solar glass business (HK\$4.9 million) and solar farm business (HK\$37.5 million). Although the collection of tariff adjustment (subsidy) receivables of the Group's solar farm projects is well supported by government policies and the Group has continued to receive certain tariff adjustment (subsidy) receivables, no fixed settlement schedule has been announced by the relevant government departments to date. Having reassessed the historical default rates and the macroeconomic factors and taking into account the long delay in settlement and the lack of indication that the issue could be fully resolved in the near term, a provision for impairment of HK\$37.5 million was made with reference to the basis of provision adopted by other peers in the industry and the requirements of the applicable accounting standards.

Selling and marketing expenses

In order to enhance the comparability of the financial statements with other peers in the industry, the Group has changed the classification of certain expenses. In 2022, transportation and related expenses incurred before the transfer of control of goods to customers and for the performance of sales contracts related to the Group's sales of solar glass business were classified as "cost of sales" in the consolidated income statement. In prior years, these expenses were classified as "selling and marketing expenses" in the consolidated income statement. To conform to the current year's presentation, certain comparative figures have been reclassified.

The Group's selling and marketing expenses increased from HK\$21.5 million in 2021 to HK\$91.3 million in 2022. The increase was mainly due to higher costs for iron pallets (used for product transportation and storage) as a result of increased sales of solar glass and a higher percentage of paperless packaging. The selling and marketing expenses to solar glass sales revenue ratio was 0.5% in 2022 (2021: 0.2%).

Administrative and other operating expenses

Administrative and other operating expenses increased by HK\$268.5 million, or 37.8%, from HK\$710.7 million in 2021 to HK\$979.2 million in 2022. The increase was mainly attributable to an increase in research and development expenses of HK\$238.3 million and an increase in business tax and surtax of HK\$10.8 million. With the increase in research and development expenses, the ratio of administrative and other operating expenses to revenue increased slightly from 4.4% in 2021 to 4.8% in 2022.

Finance costs

Finance costs increased from HK\$140.8 million (or HK\$161.8 million before capitalisation) in 2021 to HK\$198.4 million (or HK\$267.8 million before capitalisation) in 2022. The increase was mainly due to the increase in interest rates. During the year, interest expenses of HK\$69.4 million (2021: HK\$21.1 million) were capitalised into the costs of solar farms and solar glass production facilities under construction. These capitalised amounts will depreciate together with relevant assets over their estimated useful lives.

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

In 2022, the Group recorded share of net profits of investments accounted for using the equity method of HK\$30.8 million (2021: HK\$38.0 million). The profit contribution from these investments was mainly derived from a 100MW solar farm project in Lu'an, Anhui Province, China, in which the Group has a 50% equity stake.

Income tax expense

Income tax expense decreased from HK\$987.2 million in 2021 to HK\$835.2 million in 2022. The decrease was primarily attributable to lower profit contribution from the solar glass business, partially offset by higher tax expenses from the solar farm business as the income tax exemption/reduction period for certain solar farms expired. The overall effective tax rate of the Group increased from 15.0% in 2021 to 16.1% in 2022.

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

EBITDA and net profit

In 2022, the Group's EBITDA (earnings before interest, taxation, depreciation and amortisation) amounted to HK\$6,933.3 million, representing a decrease of 12.1%, as compared to HK\$7,884.9 million in 2021. The EBITDA margin (calculated based on total revenue for the year) was 33.7% in 2022, compared to 49.1% in 2021.

Net profit attributable to equity holders of the Company in 2022 was HK\$3,820.1 million, representing a decrease of 22.4%, as compared to HK\$4,924.3 million in 2021. Net profit margin attributable to equity holders of the Company decreased to 18.6% in 2022 from 30.7% in 2021, mainly due to: (i) the decline in operating profit from the solar glass business; (ii) revenue reduction in solar farm business relating to the deduction of tariff adjustment (subsidy) receivables; (iii) impairment losses on financial and contract assets; (iv) higher finance costs; and (v) the higher tax rate of certain solar farms.

Financial resources and liquidity

In 2022, the Group's total assets increased by 3.1% to HK\$50,575.1 million and total equity decreased by 1.9% to HK\$35,231.4 million. Current ratio as at 31 December 2022 was 1.8, as compared to 2.7 as at 31 December 2021.

For the year ended 31 December 2022, the Group's primary sources of funding included cash generated from the Group's operating activities, credit facilities provided by banks and the equity capital raised by Xinyi Energy. Net cash inflow from operating activities amounted to HK\$5,892.1 million (2021: HK\$3,628.8 million). The increase was mainly due to the expansion of business operations and the increase in collection of tariff adjustment (subsidiary) receivables from certain solar farm projects during the year. Net cash used for investing activities amounted to HK\$6,454.4 million (2021: HK\$4,757.9 million). The increase was primarily due to capital expenditure related to solar glass capacity expansion, investment in new solar farm projects and prepayments for the polysilicon production facility to be built in Qujing, Yunnan Province. Net cash used for financing activities amounted to HK\$1,074.9 million (2021: HK\$805.8 million). During the year, the Group secured new bank borrowings of HK\$3,743.9 million and repaid bank borrowings of HK\$3,737.8 million. In addition, the Group's non-wholly owned subsidiary, Xinyi Energy, raised net proceeds of approximately HK\$779.4 million through the issue of new shares to independent third parties in 2022. The Group's total dividends paid in cash to shareholders of the Company and non-controlling interests in subsidiaries amounted to HK\$2,280.5 million in 2022.

As at 31 December 2022, the Group's net debt gearing ratio (calculated as bank borrowings less cash and cash equivalents divided by total equity) was 7.7% (2021: 1.5%). The change in the Group's gearing level was primarily due to a decrease in cash and cash equivalents.

BUSINESS OUTLOOK

With the continuous technological advances and significant improvements in power generation efficiency, solar energy has gradually developed into a major source of new electricity in many countries, but it only represents a small percentage of the global electricity generation.

As countries around the world vigorously promote the use of the renewable energy, solar energy is poised to gain the growth momentum even faster in the coming years. First, the rising energy prices and the energy crisis caused by geopolitical changes will make the solar energy even more competitive. Second, the technology and the cost efficiency of solar modules and other components in the solar value chain, as well as the auxiliary facilities, such as energy storage equipment and ultra-high voltage transmission grids, can still be further improved. However, the high interest rates could have an impact on the investment returns of the downstream solar farm projects and reduce the incentive to build new projects. Going forward, the Group will seize the opportunity arising from the accelerated global PV installations to expedite further business development, increase its market share and drive further growth.

For the past two years, the polysilicon supply bottlenecks have been one of key impediments to the increase in the demand for PV installation. However, as the supply of polysilicon continues to increase, the prices of polysilicon have shown downward movements since the late 2022. This will help drive the cost of PV installation back to a downward trajectory, further stimulating the release of the downstream demand.

The increase in the downstream PV installations will continue to drive the growth in the demand for solar glass. The Group will expand its solar glass production capacity in an orderly manner so as to sustain the Group's further growth and increase its market share. In 2022, the construction schedule of the Group's new production lines was affected by the delays in the supply of certain construction materials and the COVID-19 related restrictions. Nonetheless, six of the eight new solar glass production lines scheduled to start production in 2022 have been placed in operation since 2022, while the remaining two production lines will commence the trial operation in March 2023.

The Group's solar glass production capacity expansion target for 2023 is to add seven new production lines with a total daily melting capacity of 7,000 tonnes, thereby increasing its total solar glass daily melting capacity from 19,800 tonnes at the end of 2022 to 26,800 tonnes at the end of 2023.

On the supply side, the industry's total capacity is expected to continue to grow in 2023 amid rapid growth in the downstream demand. This increase in the supply will inevitably lead to a more competitive market and may result in a greater pressure on the profit margins. In order to reinforce its leading position, the Group will continue to pursue excellence in the production process, product differentiation and innovation by expanding, upgrading and improving its solar glass production facilities, enhancing production efficiency and optimising the product mix to further develop the market for high value-added products such as thin glass and large-format glass, thereby effectively mitigating the pressure on the profit margin.

As for the solar farm business, the Group will further explore development opportunities in different PRC regions so as to enhance its project pipeline. Solar farm projects are capital-intensive investments with long payback periods and are therefore particularly sensitive to changes in the interest rates. In a macroeconomic environment of heightened geopolitical tensions, high inflation, increasing interest rates, declining economic growth expectation and more restricted land supply, the Group will take a more cautious approach in assessing new investments in solar farm projects and adjust its investment strategy based on the market condition and the specific circumstances of each project. The Group's self-developed solar farm project target for 2023 would be in the range between 500MW and 800MW.

In light of the more competitive market, the Group will relentlessly focus on improving its operational efficiency, and enhancing cost control and product differentiation to further strengthen its competitive edge. The Directors believe that the Group will continue to enjoy the benefits of industry expansion, growth in downstream demand and its own economies of scale. The Group's solid business foundation, strong management execution and sound financial position will enable it to navigate through different market cycles and facilitate the continued growth of its solar glass and solar farm businesses.

OTHER UPDATES

On the polysilicon production facility in Qujing, Yunnan Province to be constructed with an estimated annual production capacity of 60,000 tonnes of polysilicon, the preparation and preliminary construction works are in progress as planned. Trial production is expected to commence around the end of 2023.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of HK\$6,646.2 million for the year ended 31 December 2022 which was primarily used in the expansion and upgrade of solar glass production lines, prepayments for the construction of polysilicon production facility and expansion of solar farm capacity. Capital commitments contracted for but not incurred by the Group as at 31 December 2022 amounted to HK\$4,551.7 million, which were mainly related to the addition of new solar glass production facilities and the construction of polysilicon production facility, as well as the development and construction of the solar farm projects.

PLEDGE OF ASSETS

As at 31 December 2022, bills receivables of HK\$14.3 million (2021: HK\$63.9 million) were pledged as collaterals for obtaining letter of credit facilities in the PRC.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in note 15 to this announcement, there was no material acquisition and disposal of subsidiaries and associated companies during the year ended 31 December 2022.

EVENTS AFTER THE REPORTING PERIOD

On 24 February 2023, a wholly-owned subsidiary of the Company completed the disposal (the “**Disposal**”) of all issued shares of Xinyi Solar (Haikou) Limited and its subsidiary (“**Xinyi Haikou Group**”) to Xinyi Energy for cash consideration of approximately HK\$144.5 million pursuant to a sale and purchase agreement dated 11 April 2022. Upon completion of the Disposal, the Company’s indirect equity interest in Xinyi Haikou Group has been reduced from 100% to 49.03% without loss of control.

Save as disclosed above, no significant event has taken place subsequent to 31 December 2022 and up to the date of this announcement.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN FOREIGN EXCHANGE RATES

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

The presentation currency of the Group's consolidated financial statements is HKD. Due to the depreciation of RMB against HKD in 2022, the Group reported non-cash translation losses, which represent a decrease in the reserve of its consolidated balance sheet, in the translation of the RMB-denominated assets into HKD. Exchange losses of HK\$2,881.8 million attributable to equity holders of the Company were recorded as the exchange reserve movement in 2022. As a result, the Group's consolidated exchange reserve account recorded a debit balance of HK\$1,885.2 million as at 31 December 2022 as compared to a credit balance of HK\$996.6 million as at 31 December 2021.

For the Group's solar farm business, the revenue from solar power electricity generation is denominated in RMB whilst the bank borrowings are denominated in HKD. As part of the treasury policies, the Group would strike a deliberate balance between the risk of currency mismatch and the interest rate differentials in HKD and RMB borrowings. As at 31 December 2022, nearly all the bank borrowings of the Group were denominated in HKD.

The Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations. During the year ended 31 December 2022, the Group did not use any financial instrument for hedging purpose.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group had about 8,459 full-time employees of whom 7,567 were based in Mainland China and 892 were based in Hong Kong, Malaysia and Canada. The total staff costs, including the emoluments of the Directors, amounted to HK\$951.3 million for the year ended 31 December 2022.

The Group maintains good working relationship with its employees and provides training when necessary to keep its employees informed of the latest information on developments of its products and production processes. Remuneration packages offered to the Group's employees are generally competitiveness and are reviewed on a regular basis. Apart from basic remuneration and the statutory retirement benefit scheme, discretionary bonuses may be provided to selected employees taking into consideration the performance of the relevant employee and the overall performance of the Group.

SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company in June 2014, an aggregate of 17,753,500 share options were granted to selected employees and an executive Director in March 2022. The share options are valid from 31 March 2022 to 31 March 2026. One third of the share options would be vested on each year-end date of 2022, 2023 and 2024 if the relevant grantee has satisfied the conditions of vesting as stated in the letter of grant.

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

For the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors confirmed that the Company has complied with the applicable code provisions in the Corporate Governance Code (the “**Code**”) set forth in Part 2 of Appendix 14 to the Listing Rules for the year ended 31 December 2022.

REVIEW BY AUDIT COMMITTEE

The audit committee (the “**Audit Committee**”) has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2022. The members of the Audit Committee of the Board are Ms. LEONG Chong Peng, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin, all of them are independent non-executive Directors. Ms. LEONG Chong Peng is the chairperson of the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set forth in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors. The Company has made specific enquiry with the Directors and all Directors have confirmed that they complied with the required standard of dealings as set forth in the Model Code throughout the year ended 31 December 2022.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2022 containing all the information required by Appendix 16 to the Listing Rules and other applicable laws and regulations will be dispatched to the Shareholders and published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company in due course.

SCOPE OF WORK OF AUDITOR

The financial figures in respect of the Group’s consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set forth in this preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set forth in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an 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 PricewaterhouseCoopers on this preliminary announcement.

FINAL DIVIDEND

At the meeting of the Board held on 27 February 2023, the Directors proposed a final dividend (the “**Final Dividend**”) of 10.0 HK cents per share for the year ended 31 December 2022. The recommendation of the payment of the Final Dividend are subject to the approval of the Shareholders at the AGM to be held on or before Friday, 2 June 2023. If approved by the Shareholders, it is expected that the Final Dividend will be paid on or about Tuesday, 4 July 2023 to the Shareholders whose names appear on the register of members of the Company on Monday, 12 June 2023.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on or before Friday, 2 June 2023. The register of members of the Company will be closed from Tuesday, 30 May 2023 to Friday, 2 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to determine the entitlement to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 31 May 2023. A notice convening the AGM will be published on the websites of the Stock Exchange and the Company and dispatched to the shareholders on or about 28 April 2023.

The register of members of the Company will be closed from Thursday, 8 June 2023 to Monday, 12 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 7 June 2023.

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

Hong Kong, 27 February 2023

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

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