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2022

Annual Report

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公司資料

Board of Directors
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Executive Directors
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Mr. TAN Wenhua *(Chairman)*
Mr. TAN Xin *(Chief Executive Officer)*
Mr. WANG Junze

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Non-executive Director
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Mr. HSU You Yuan
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Independent Non-executive Directors
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Dr. WONG Wing Kuen, Albert
Ms. FENG Wenli (resigned with effect from 11 July 2022)
Ms. CHUNG Wai Hang (appointed with effect from 11 July 2022)
Mr. LIAN Tao (resigned with effect from 18 October 2022)
Ms. TAN Ying (appointed with effect from 18 October 2022)

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Company Secretary
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Mr. YEUNG Chi Tat
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Audit Committee
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Dr. WONG Wing Kuen, Albert *(Chairman)*
Ms. FENG Wenli (resigned with effect from 11 July 2022)
Ms. CHUNG Wai Hang (appointed with effect from 11 July 2022)
Mr. LIAN Tao (resigned with effect from 18 October 2022)
Ms. TAN Ying (appointed with effect from 18 October 2022)

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Remuneration Committee
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Ms. TAN Ying (appointed with effect from 18 October 2022) *(Chairman)*
Mr. LIAN Tao (resigned with effect from 18 October 2022)
Dr. WONG Wing Kuen, Albert
Ms. FENG Wenli (resigned with effect from 11 July 2022)
Mr. TAN Wenhua
Ms. CHUNG Wai Hang (appointed with effect from 11 July 2022)

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Nomination Committee
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Ms. CHUNG Wai Hang (appointed with effect from 11 July 2022) *(Chairman)*
Ms. FENG Wenli (resigned with effect from 11 July 2022)
Dr. WONG Wing Kuen, Albert
Mr. HSU You Yuan
Mr. LIAN Tao (resigned with effect from 18 October 2022)
Ms. TAN Ying (appointed with effect from 18 October 2022)

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Auditor
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Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

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CORPORATE INFORMATION
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Principal Bankers
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Jinzhou Rural Commercial Bank
Bank of Jinzhou
Entie Commercial Bank
Taiwan Cooperative Bank
China Merchants Bank
China Zheshang Bank
Shanghai Pudong Development Bank
Jiangsu Jianhu Rural Commercial Bank
The Hongkong and Shanghai Banking Corporation Limited
Kunshan Rural Commercial Bank
Bank of Jiangsu

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Registered Office
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Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong
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Room 1402, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

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Principal Share Registrar and Transfer Office
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Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3,
Building D, P.O. Box 1586,
Gardenia Court, Camana Bay,
Grand Cayman, KY1-1100,
Cayman Islands

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3,
Building D, P.O. Box 1586,
Gardenia Court, Camana Bay,
Grand Cayman, KY1-1100,
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office
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Computershare Hong Kong Investor Services Limited
Rooms 1712–16, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

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Authorised Representatives
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Mr. WANG Junze
Mr. YEUNG Chi Tat

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Corporate Website
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www.solargiga.com

www.solargiga.com

COMPANY PROFILE
公司簡介

Solargiga Energy Holdings Limited (the "Company", together with its subsidiaries, the "Group", Hong Kong stock code: 757), is a leading supplier of solar energy services. Its products are not only sold to customers in the upstream and mid-stream industries, but also directly to end users.

During the year, the Group was mainly engaged in the following businesses:

(a) the manufacture of, trading of and provision of processing services for monocrystalline silicon solar ingots/wafers;

(b) the manufacture and trading of photovoltaic modules;

(c) the construction and operating of photovoltaic power plants; and

(d) the manufacture and trading of semiconductor, the trading of monocrystalline silicon solar cells and others.

The Group now focuses on the manufacturing and sales of downstream photovoltaic modules in the photovoltaic industry, the

Five-Year Financial Summary

RMB'000	[D Æ©				
		2018	2019	2020	2021 (Restated)

CHAIRMAN'S STATEMENT

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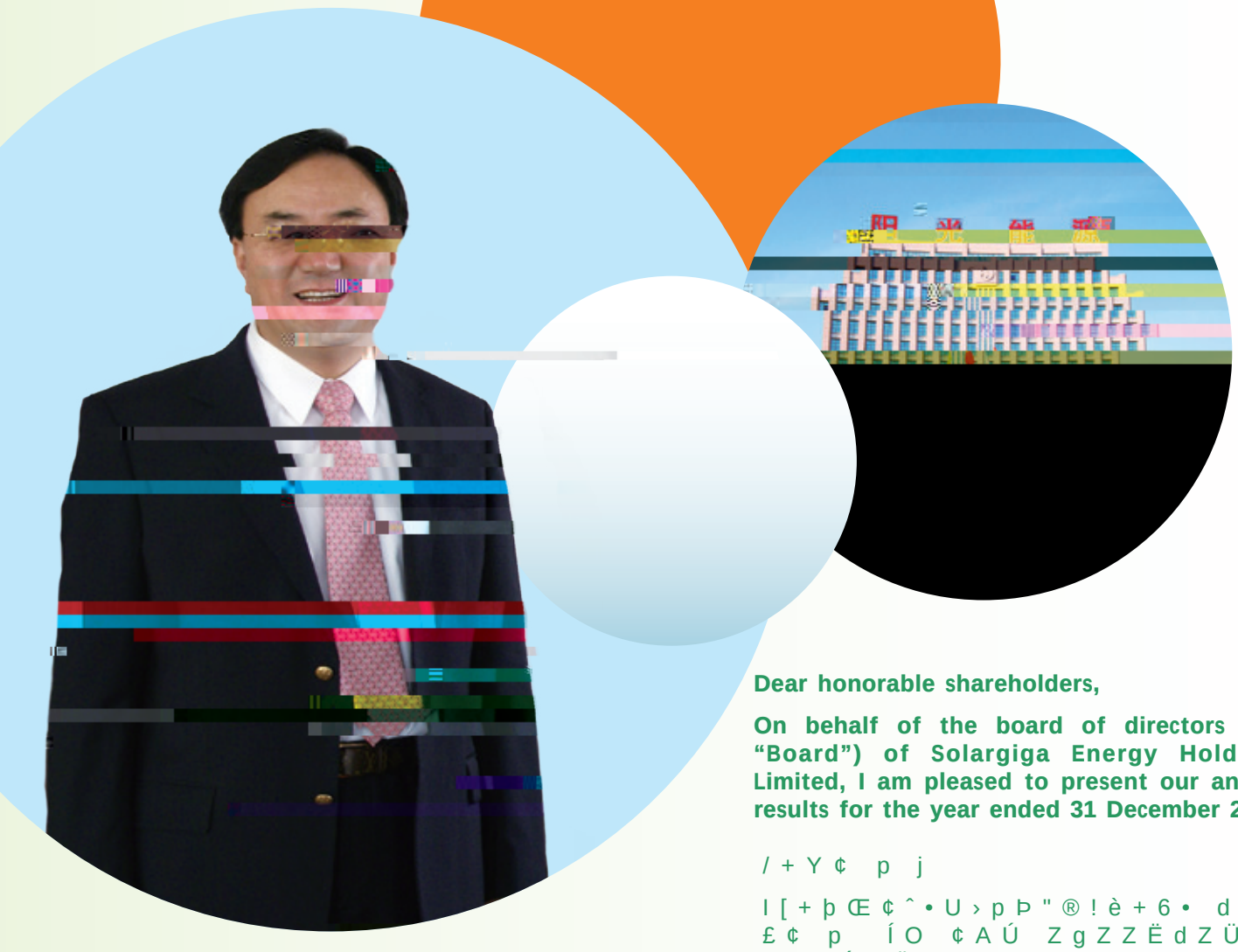

Dear honorable shareholders,

On behalf of the board of directors (the "Board") of Solargiga Energy Holdings Limited, I am pleased to present our annual results for the year ended 31 December 2022.

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Over the past year, the global economy has faced multiple challenges in the form of the ongoing pandemic, the Russia-Ukraine war and escalating tensions between major world powers. Consequently, we have witnessed weakened supply chains, rising raw material prices and tight labor markets, culminating in rising inflation around the world. According to the International Monetary Fund (IMF), global inflation rate is set to rise from 4.7% in 2021 to 8.8% in 2022. Moreover, global economic growth is projected to slow from 6.0% in 2021 to 3.4% in 2022 and 2.9% in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.

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CHAIRMAN'S STATEMENT
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Looking ahead, we are committed to seizing opportunities arising from the photovoltaic industry's "golden age" of development and actively expanding our businesses, focusing on the creation of BIPV and BAPV products related to photovoltaic modules, as well as the emerging semiconductor product manufacturing business to expand the Group's growth space. At the same time, we will continue to reinforce the Group's foothold in the photovoltaic industry by ensuring that it plays a contributing role in China's "3060" goals and capitalizing on the grid parity era, as well as by creating our own advantages for elevating business development to the next level.

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Chairman
TAN Wenhua

29 March 2023

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Market Overview (Continued)

According to JMK Research, India's total annual installed solar power capacity was approximately 14 GW in 2022, ranks second in Asia in terms of installed photovoltaic capacity, including 11.3 GW of utility-scale PV installations, approximately 1.9 GW of rooftop PV installations and nearly 700 MW of distributed capacity. According to analysis and consulting firm Mercom India Research, the manufacturing capacity of solar modules is expected to reach approximately 95 GW by the end of 2025. As stated by the report, Indian PV manufacturers are strategically poised to expand capacity and adopt new technologies in the coming years, supported by government incentive programs and research and development. Based on data from India's Ministry of New and Renewable Energy (MNRE), the country's cumulative installed renewable energy capacity totaled 120.9 GW by the end of 2022, of which solar energy accounted for approximately 52% of the entire renewable energy portfolio. The Indian government is determined to develop India as a solar module manufacturing center and establish a complete photovoltaic manufacturing value chain to address supply chain issues. In September 2022, the Indian government approved the implementation of tsED 661 532.4257 Tm(and ad2.427EMC -p6sovernment approved the)88.1 ( )]TJET0OSo (t) 8.5 0 0 8

MANAGEMENT DISCUSSION AND ANALYSIS
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Operation Review

Operations Summary

In order to address climate change and mitigate the impact of rising fossil fuel prices, clean and renewable energy has become a new trend of the world. With the continuous technological advances and cost reductions, photovoltaic power is now the renewable energy with the greatest development potential and the lowest cost compared with the inflated fossil fuel prices, so the soaring demands for photovoltaic products in the future will be inevitable. 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.* (Ü¢•
Up) ("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.

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Operation Review (continued)

Operations Summary (continued)

As the first batch of domestic photovoltaic enterprises engaged in the production of czochralski monocrystalline silicon ingots, with 20 years

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review (continued)

Operations Summary (continued)

As at 31 December 2022, the total annual production capacity of our production bases was 8.2 GW of modules due to the production scale, the high-efficiency and high production capacity layout of the Group; whereas, as at 30 December 2022 (being the date of completion of the Disposal), the total annual production capacity of our production bases was 7.4 GW of monocrystalline silicon ingot and 7.4 GW of monocrystalline silicon wafers. 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 P-type PERC module of the monocrystalline products that the Group focuses on has not only become the mainstream in the market, but it also further expanded and strengthened the development and sales of monocrystalline silicon high- efficiency module products such as P-type double-sided double glass modules, P-type single glass 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 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 continues to expand module production capacity in Yancheng, Jiangsu, to further strengthen the economic scale advantage of module products. As of the end of December 2022, the module production capacity of the production base in Yancheng, Jiangsu was 6.4 GW, while the total module production capacity of the Group was 8.2 GW. Through the completion of the layout of high-efficiency production capacity, it has begun to show stronger comprehensive competitiveness and further enhance the market share of the products.

MANAGEMENT DISCUSSION AND ANALYSIS

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MANAGEMENT DISCUSSION AND ANALYSIS
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MANAGEMENT DISCUSSION AND ANALYSIS
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MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review (continued)

Operating Performance (continued)

Continuing operations (continued)

Apart from the mainstream P-type PERC monocrystalline modules, the Group devoted to the development and sales of monocrystalline high-efficiency module products, such as P-type double-sided double glass modules, 182 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 182mm and 210mm large-size modules which the conversion 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 competitiveness, and further increase sales performance. According to the analysis of the recent bidding in China's photovoltaic market, 182mm 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 182mm and 210mm 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 TOPCon modules, 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.

Operation Review (continued)

Operating Performance (continued)

Continuing operations (continued)

Going forward, given (a) leading technological cost advantages and large-size product lines with higher bargaining power, the Group will be able to continue to gain the market share; (b) the major production base with more favorable production environment with policy support, the Group will be able to reduce the production cost; (c) the Group continues to expand low-cost, high-efficiency new production capacity through more refined and smoother in production process and operations, and the existing production capacity has also been upgraded and transformed, and achieved 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 mix; and (e) the strong client base in PRC and overseas, with increasing demand from new and old customers, it is expected that the Group's external shipment volume and revenue will continue to grow, and the production costs will decrease because it is expected that the impact of polysilicon supply bottlenecks along the photovoltaic value chain can be gradually resolved through capacity expansion in the industry. Total gross profit and gross profit margin performance will be further improved in the long run.

Discontinued operation

The total external shipment volume of major products, monocrystalline silicon ingots and wafers, increased from 4,501.4MW in 2021 to 4,863.1MW in 2022, representing a growth rate of 8%. During the Year, the market demand for monocrystalline silicon ingots and wafers continued to increase together with the increase in Group's high-efficiency production capacity, so the total external shipment volume increased.

In the production of monocrystalline silicon ingots, from 20 years of accumulated technology advantages, we have mastered a number of leading technologies for monocrystalline silicon ingots and silicon wafer production, such as with the upgrade of the thermal system required for the production of monocrystalline silicon ingots, the material feeding volume of monocrystalline furnace has increased by approximately 33% compared with last year which greatly reduced the production cost, the increase of growth rate of monocrystalline silicon ingot by 10% compared with last year through the research and development to design new type of the water-cooling and heat-conducting device, the long-life quartz crucible developed in cooperation with suppliers could be used for up to 500 hours, the RCZ production process which could draw 9 to 10 ingots in one pot, the weight of each silicon ingot increased by 18% compared with last year, which greatly enhanced the production capacity, etc. Various advanced production technologies significantly reduced production costs and ensured product quality and stability is in a leading position in the industry.

MANAGEMENT DISCUSSION AND ANALYSIS
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Financial Review

Revenue

In order to replace traditional energy on a large scale, as a clean energy, it is essential to reduce the production cost of photovoltaic power generation through continuous technological advancement, hence continually lowering the sales unit price of photovoltaic power. When photovoltaic power generation finally does not need to rely on

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Financial Review (continued)

Administrative expenses

Administrative expenses mainly comprised of staff costs, research and development expenses, legal and professional fees, office expenses and other incidental administrative expenses. The administrative expenses for the year amounted to RMB264.6 million, as compared to RMB138.4 million in 2021. The increase was mainly due to increase in research and development invested.

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. An impairment losses on trade receivables and contract assets of RMB21.2 million (2021: reversal of impairment losses of RMB19.8 million) was recognised during the year because of the increase in receivables balances over one year or above compared with last year.

Impairment losses of property, plant and equipment

An impairment losses of property, plant and equipment amounting to RMB43.0 million was recognized in 2022 (2021: Nil) due to the discontinued production of certain types of photovoltaic modules according to the Group's business strategy.

Finance costs

Finance costs were mainly derived from bank and other borrowings. The Group's finance costs significantly decreased from RMB102.3 million in 2021 to RMB78.8 million in 2022. 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 RMB16.3 million in 2022, while income tax expense amounted to RMB47.0 million in 2021. The income tax expense 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 the decrease in the assessable profit from certain profitable subsidiaries of the Group in Mainland China.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review (continued)

Profit for the year from discontinued operation

Since the completion of the Disposal of the Group's equity interest in Qujing Yangguang in December 2022, the Group has changed its operating strategy by discontinuing its silicon ingot and wafer business and devoted more resources on its continuing operations. The profit from the discontinued operation increased from RMB237.1 million in 2021 to RMB1,246.8 million in 2022.

Profit attributable to owners of the parent

The Group shows a significant improvement of profit attributable to owners of the parent of RMB957.1 million was shown in 2022, as compared to a profit attributable to owners of the parent of RMB193.2 million in 2021 mainly due to the gain on disposal of its equity interest in Qujing Yangguang completed in December 2022.

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 remain stable at 29 days (2021: 26 days).

Trade receivable turnover days

The sales of photovoltaic modules accounted for over 90% of the Group's overall sales in 2021 and 2022. 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. Trade receivables turnover days for the year has decreased to 92 days (2021: 98 days).

Trade payable turnover days

The trade payables turnover day was 163 days in 2022, which was significantly higher comparing to 123 days in 2021 The Group would like to utilise its operating funds in a more strategic manner for business growth. Under stable and frequent co-operations, the suppliers have increased our credit lines and payment terms.

MANAGEMENT DISCUSSION AND ANALYSIS

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MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review (continued)

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.

Significant investment and disposal of subsidiaries

On 25 February 2022, Solargiga Energy (Hong Kong) Company Limited ("Solargiga Hong Kong") entered into an equity transfer agreement with Qujing Yangguang (a former indirect non-wholly owned subsidiary of the Company which ceased to be a subsidiary of the Company upon completion of the Disposal on 30 December 2022), pursuant to which Solargiga Hong Kong agreed to sell and Qujing Yangguang agreed to acquire the entire equity interest in Jinzhou Youhua Silicon Materials Co. Ltd ("Youhua Silicon") at consideration of approximately RMB227.4 million. Completion took place on 17 March 2022, upon which, the Group's equity interest in Youhua Silicon reduced from 100% to 53.7%. For further details of the disposal, please refer to the announcements of the Company dated 25 February 2022 and 1 March 2022.

On 28 October 2022, the Company's indirect wholly-owned subsidiary, Jinzhou Yangguang (as vendor), and three entities controlled by Mr. TAN Wenhua (chairman and an executive Director of the Company) and/or Mr. TAN Xin (chief executive officer and executive Director of the Company) and two entities controlled by China Lesso Group Holdings Limited ("China Lesso Group"), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2128) (as purchasers, collectively, the "Purchasers") entered into an equity transfer agreement, pursuant to which Jinzhou Yangguang conditionally agreed to sell, and the Purchasers conditionally agreed to acquire, the 45.0% equity interest in Qujing Yangguang at a total consideration of RMB1,350.0 million. Completion of the disposal took place on 30 December 2022, upon which the Company no longer holds any equity interest and Qujing Yangguang ceased to be a subsidiary of the Company, and the silicon ingot and wafer business of the Group has been discontinued. For further details of the Disposal, please refer to the announcements of the Company dated 28 October 2022 and 3 January 2023, and the circular of the Company dated 21 November 2022, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

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MANAGEMENT DISCUSSION AND ANALYSIS
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As disclosed in the paragraph headed "Management Discussion and Analysis — Financial Review — Significant investment and disposal of subsidiaries" above in this report, completion of the Disposal of the 45.0% equity interest in Qujing Yangguang at a total consideration of RMB1,350.0 million took place on 30 December 2022, with approximately RMB229,950,000 of the consideration received from two entities controlled by China Lesso Group as at 13 January 2023. For further details of the Disposal, please refer to the announcements of the Company dated 28 October 2022 and 3 January 2023, and the circular of the Company dated 21 November 2022, respectively.

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 2022, and has discussed and reviewed the risk management, internal control and reporting matters.

DIVIDEND

No final dividend was paid in 2022 (2021: Nil). The Directors do not recommend the payment of a final dividend for 2022 (2021: Nil).

On 28 October 2022, in view of the gain from the Disposal and with the intention of allowing shareholders of the Company to monetise a portion of their investment in the Company, the Directors proposed the declaration of a special dividend of HK7 cents per ordinary share, which was subsequently approved by the shareholders of the Company at the extraordinary general meeting on 7 December 2022 and paid to the shareholders of the Company on 30 January 2023. For further details of the special dividend, please refer to the announcements of the Company dated 28 October 2022, 7 December 2022 and 3 January 2023, and the circular of the Company dated 21 November 2022, respectively.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 June 2023 to 21 June 2023, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 15 June 2023.

The Board of Directors

The Board takes the responsibility to oversee all major matters of the Company, including the formulation and approval of overall business strategies, internal control and risk management systems, and monitoring the performance of the management team. The Directors have the responsibility to act objectively in the interests of the Company. The Directors also assume the following responsibilities for corporate governance as set out in code provision A.2.1 of the Code:

(a) to develop and review an issuer's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the issuer's compliance with the code and disclosure in the Corporate Governance Report.

As at 31 December 2022, the Board comprises seven Directors, including three executive Directors: Mr. TAN Wenhua (Chairman), Mr. TAN Xin (Chief Executive Officer) and Mr. WANG Junze, one non-executive Director: Mr. HSU You Yuan, and three independent non-executive Directors: Dr. WONG Wing Kuen, Albert, Ms. CHUNG Wai Hang and Ms. TAN Ying. The names and biographical details of the Directors are set out in the section entitled "Directors, Company Secretary and Senior Management Profile" in the annual report. The Board has a strong independent element in its composition with over half of the board members being non-executive Directors to ensure th/S.5 0 0 8..1/Lang eal report. The

CORPORATE GOVERNANCE REPORT
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CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer (continued)

The overall management of the Company was performed by the CEO, executive Directors and senior management of the Company. The executive Directors (Mr. TAN Wenhua, Mr. TAN Xin and Mr. WANG Junze) who have extensive experience in the solar energy industry and their respective areas of profession, spearhead the Group's overall development and business strategies.

Board Committees

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rules 3.21 to 3.23 of and Appendix 14 to the Listing Rules. The primary duties of the Audit Committee include overseeing the financial reporting processes and internal control procedures of the Group, reviewing the financial information of the Group and considering issues relating to the external auditor. Currently, the Audit Committee consists of three independent non-executive Directors, namely, Dr. WONG Wing Kuen, Albert (Chairman), Ms. CHUNG Wai Hang and Ms. TAN Ying.

In 2022, the Audit Committee met 2 times and the attendance of individual Directors at these meetings is set out below:

Name of Directors	Attendance/ Number of meetings
Independent non-executive Directors	
Dr. WONG Wing Kuen, Albert *(Chairman)*	2/2
Ms. FENG Wenli (resigned with effect from 11 July 2022)	1/2
Ms. CHUNG Wai Hang (appointed with effect from 11 July, 2022)	1/2
Mr. LIAN Tao (resigned with effect from 18 October 2022)	2/2
Ms. TAN Ying (appointed with effect from 18 October 2022)	N/A

The Audit Committee has reviewed the Group's annual consolidated financial statements for the year ended 31 December 2021 and interim financial report for the six months ended 30 June 2022, including the accounting principles and practices adopted by the Group, and has also discussed auditing, internal control and financial

CORPORATE GOVERNANCE REPORT

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CORPORATE GOVERNANCE REPORT

Board Committees (continued)

Nomination Committee

The Company established a Nomination Committee pursuant to a resolution of the Directors passed on 27 February 2008 pursuant to Appendix 14 to the Listing Rules. The primary duties of the Nomination Committee include making recommendations to the Board on the Company's policy and structure for recruiting Directors and senior management and on the establishment of formal and transparent procedures for nomination procedures and process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship and senior management. Currently, the Nomination Committee consists of four members; three of whom are independent non-executive Directors, namely, Ms. CHUNG Wai Hang (Chairman), Dr. WONG Wing Kuen, Albert and Mr. TAN Ying, and one is a non-executive Director, namely, Mr. HSU You Yuan.

In 2022, the Nomination Committee met 3 times and the attendance of individual Directors at the meeting is set out below:

Name of Directors	Attendance
Independent non-executive Directors	
Ms. FENG Wenli *(Ex-chairman)* (resigned with effect from 11 July 2022)	2/3
Ms. CHUNG Wai Hang *(Chairman)* (appointed with effect from 11 July 2022)	1/3
Dr. WONG Wing Kuen, Albert	3/3
Mr. LIAN Tao (resigned with effect from 18 October 2022)	3/3
Ms. TAN Ying (appointed with effect from 18 October 2022)	N/A
Non-executive Director	
Mr. HSU You Yuan	3/3

The Nomination Committee has discussed matters relating to the appointment of a director or senior management members during the year. The Nomination Committee also considered and resolved that all the existing Directors shall be recommended to be retained by the Company.

Board Committees (continued)

Board Diversity

The Board has a board diversity policy which is available on the Company's website. In order to achieve a diversity of perspectives among members of the Board, it is the policy of the Company to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and the legitimate interests of the Company's principal shareholders. The Board considered the Company has achieved the objective of board diversity and gender diversity during the year.

As at 31 December 2022, the workforce (including senior management) comprised of 36.6% female and 63.4% male. The Company is determined to and will continue to achieve and maintain gender diversity and equality in terms of the Board and the general workforce.

Remuneration of Directors and Senior Management

Particulars of the Directors' remuneration for the year ended 31 December 2022 are set out in note 9 to the Financial Statements.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors, Company Secretary and Senior Management" in this annual report for the year ended 31 December 2022 by band is set out in note 10 to the Financial Statements.

NON-COMPETITION UNDERTAKING

During the year from 1 January 2022 to 31 December 2022, none of the Directors nor their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

Mr. TAN Wenhua has confirmed to the Company of his compliance with the non-competition undertakings provided to the Company under a non-competition undertaking dated 27 February 2008 ("Non-competition undertaking"). The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Non-competition undertaking had been complied with and duly enforced from 1 January 2022 and up to 31 December 2022.

Financial Reporting and Internal Control (continued)

Risk management and internal control (continued)

In order to fulfil their fiduciary duties and duties of skill, care and diligence, the Directors will constantly seek advice and assistance from the Company's internal legal team and if necessary, seek advice from external legal advisors in Hong Kong and the PRC. The Company also adopted internal control procedures relating to, among others, signing authority and procedures since February 2007. The Company has an Audit and Legal Department consisting 4 members with extensive experience in the legal field. The main duties of the Audit and Legal department include:

- providing legal advice on major business decisions
- reviewing and drafting legal documents
- handling legal disputes
- advising on legal issues related to daily operations
- conducting internal training for compliance matters

Group's risk management and internal control systems are adequate and effective and the Company has complied with the CG Code in respect of risk management and internal control.

Whistleblowing policy

The Company has established a whistleblowing policy. Whistleblowing channels are published in all workplace. The policy is to facilitate employees, partners and customers to report complaints and internal malpractices to the audit and legal department of the Company, who will review, investigate and follow up these complaints. Once cases are verified, investigation results will be announced within the

Directors' responsibility on the financial statements

The Directors acknowledged their responsibility for preparing the financial statements for the year ended 31 December 2022, which were prepared in accordance with applicable accounting standards.

The reporting responsibility of the external auditor of the Company, Ernst & Young, on the consolidated financial statements of the Group are set out in the section entitled "Independent Auditor's Report" in the annual report.

Going concern

The Board was not aware of any material uncertainties relating to events or conditions that cast significant doubt upon the Group's ability to continue as a going concern.

Investors Relations

The Company has adopted shareholders communication policy with the objective of ensuring that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and

CORPORATE GOVERNANCE REPORT
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DIRECTORS, COMPANY SECRETARY AND SENIOR MANAGEMENT PROFILE
董事、公司秘書及高級管理人員簡歷

Directors

Executive Directors

Mr. TAN Wenhua (È Ö 6**)**, aged 66, an executive Director and the Chairman of the Board. He was one of the founders of the Jinzhou Plants in 2001. He was conferred various honours including the Model for the Labour of the Nation, the medal of "May 1st" Labour of Liaoning Province, the Builders Merit award of Liaoning Province, the Outstanding Entrepreneur of the Building Materials Industry of the Nation, the Venture Entrepreneur of the Liaoning Province and First Prize Entrepreneur of Jinzhou. Prior to the founding of Jinzhou Plants, he was the Chairman of €È6i (Jinzhou Xinhua Quartz Glass (Group) Co., Ltd.) and the Director of €È (Jinzhou 155 Factory), a state-owned factory engaging in quartz crucibles manufacturing. He has been granted a special subsidy by the State Council in 2004 for his contribution in engineering technology. He is the father of Mr. Tan Xin, the executive Director of the Company and Chief Executive Officer of the Company.

Mr. TAN Xin (È4¥**)**, aged 39, is an executive Director and the Chief Executive Officer of the Company. He holds a bachelor's degree of Marketing from the Macau University of Science and Technology, and a master's degree of Business Administration from University of East Anglia, the U.K. Mr. Tan is also the representative at the 11th and 12th member congress of the National Association of Industry and Commerce (), Representative at the 17th National Congress of the Communist Youth League (), Standing Committee Member of the 11th and 12th Liaoning Province Association of Industry and Commerce (), and the Vice President of the Liaoning General Chamber of Commerce (), Standing member of the 10th and 11th Liaoning Province Youth Federation (), Member of the 12th and Standing Member of the 13th Jinzhou Municipal Committee of the Chinese People's Political Consultative Conference (), and the 1st and 2nd President of the Jinzhou Youth Chamber of Commerce. Mr. Tan was awarded the Liaoning "Excellent Entrepreneur" (), the 4th Constructors' Medal (), the "May 1st Labour Medal" (), the Jinzhou "Model Workers" (), "Meritorious Entrepreneur" (), "Technology Expert with Outstanding Contributions in Jinzhou" () "Outstanding Private Entrepreneurs" () and "Top 10 New Industrial Enterprises" () and "Top Ten Young Entrepreneurs" () and other honorary titles. Mr. TAN took up the position of Chief Executive Officer of the Group

Directors (continued)

Executive Directors (continued)

Mr. WANG Junze (î " ã), aged 51, is an executive Director of the Company. He joined the Company on 1 January 2007 and was the deputy general manager of China region, who was responsible for the accounting and finance matter of the Group. He obtained a Master of Business Administration from the State University of New Jersey (Rutgers). He is a certified public accountant in Maryland, the United States. Prior to joining the Group, he was a Special Assistant to President & Deputy Spokesman of The Office of General Manager of WWX, the Spokesman and Chief Financial Officer of Panram International Corp., a company listed on the Gre Tai Securities Market in Taiwan.

Non-executive Director

Mr. HSU You Yuan (¢ V), aged 68, is a non-executive Director of the Company. He joined the Group on 6 February 2007 and was appointed an executive Director on the same date. He graduated with a master degree in Business Administration from the Chinese Culture University in 1980. Prior to joining the Group, Mr. HSU was the Managing Director of Wafer Works Corp. ("WWX") from 1998 to 2003 and later became the Vice-Chairman of WWX in 2003. WWX is a manufacturer of silicon wafer for the semiconductor industry and is listed on the Gre Tai Securities Market in Taiwan in 2002. He was the managing director of Silicon Technology Investment (Cayman) Corp. and was appointed the Chief Executive Officer of Solar Technology Investment (Cayman) Corp. In March 2006, he was appointed a director and he was subsequently appointed as the

DIRECTORS, COMPANY SECRETARY AND SENIOR MANAGEMENT PROFILE

Directors (continued)

Independent Non-executive Directors

Dr. WONG Wing Kuen, Albert (

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DIRECTORS, COMPANY SECRETARY AND SENIOR MANAGEMENT PROFILE

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REPORT OF THE DIRECTORS
董事會報告

The Directors have pleasure in submitting their annual report together with the audited consolidated financial statements for the year ended 31 December 2022.

Principal Activities

The Company acts as an investment holding company of the Group. The principal activities of the Group are the manufacture and trading of photovoltaic modules, the construction and operation of photovoltaic power plants. The analysis of the principal activities and geographical locations of the operations of the subsidiaries during the financial year are set out in note 1 to the consolidated financial statements. Further discussion and analysis of these activities, including a description of an indication of likely future development in and, risks and uncertainties of the Group's business, can be found in the section entitled "Management Discussion and Analysis" this

Relationship with Employees, Suppliers, Customers and Other Stakeholders

The Group understands the importance of maintaining good relationships with its employees, suppliers, customers and other stakeholders to meet its immediate and long-term goals. During the year under review, there were no material and significant dispute between the Group and its suppliers, customers and/or stakeholders.

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Financial Statements and Dividends

The profit of the Group for the year ended 31 December 2022 and the Group's financial position as at that date are set out in the financial statements on pages 79 to 236. The Directors do not recommend the payment of a final dividend for the years ended 31 December 2022 and 2021.

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Transfer to Reserves

Profit attributable to owners of the parent for the year ended 31 December 2022 was RMB957,108,000 (2021: RMB193,222,000) had been transferred to reserves. Other movements in reserves are set out in the section entitled "consolidated statement of changes in equity" in the annual report.

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As at 31 December 2022, distributable reserves of the Company amounted to approximately RMB922,009,000 (2021: RMB1,137,599,000).

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On 28 October 2022, the Directors proposed the declaration of a special dividend of HK7 cents per ordinary share, which was subsequently approved by the shareholders of the Company at the extraordinary general meeting on 7 December 2022 and paid to the shareholders of the Company on 30 January 2023.

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Charitable Donations

Charitable donations made by the Group during the year was Nil (2021: RMB229,000).

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group as at 31 December 2022 are set out in note 26 to the financial statements.

Property, Plant and Equipment

Details of acquisitions and other movements in property, plant and equipment are set out in note 15 to the financial statements.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 33 to the financial statements.

Related Party Transactions

During the year ended 31 December 2022, transactions with the following parties are considered to be related party transactions:

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Name of party ¢ Ù ¤ H	Relationship ë ·
Jinzhou Youlin Semi-Conductor Material Co., Ltd.	Controlled by spouse of

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REPORT OF THE DIRECTORS
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REPORT OF THE DIRECTORS
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Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Special enquiries have been made by the Company to confirm that all Directors have been complied with the Model Code for the year ended 31 December 2022.

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Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the section entitled "Corporate Governance report" in the annual report.

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Audit Committee

The Company established an Audit Committee with written terms of references adopted in compliance with the Code set out in Appendix 14 of the Listing Rules. The members of the Audit Committee are the three independent non-executive Directors withd Dr. Wog (Wng RKuen,-6.9+( )]TQ /Span /Lang (en-GB) MCID 5126 BDC BT0.0078Tc

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REPORT OF THE DIRECTORS
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Dividend Policy

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In considering the payment of dividends, there shall be a balance between maintaining sufficient capital to grow the Group's business and rewarding the shareholders of the Company. The Board shall take into account the following factors, among other factors:

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(a) the Group's overall results of operation, financial position, liquidity position, capital requirements, cash flow and future prospects;

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(b) the amount of distributable reserves of the Company;

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(c) the expected capital requirements and future expansion plans of the Group;

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(d) the general business and regulatory conditions, the business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

(d) 8 M « Y 8 „ q l ü 8 Å i

(e) the statutory and regulatory restrictions;

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(f) the contractual restrictions on the payment of dividends by the Company to the Shareholders or by the subsidiaries of the Company to the Company;

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(g) the Shareholders' interests; and

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(h) other factors that the Board deems relevant.

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Sufficiency of Public Float

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As at the date of this annual report, the Company has maintained the prescribed public float of not less than 25% of the issued share capital of the Company pursuant to the Listing Rules and as agreed with the Stock Exchange, based on the information that is publicly available to the Company and within the knowledge of the Directors.

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REPORT OF THE DIRECTORS
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INDEPENDENT AUDITOR'S REPORT
獨立核數師報告

Key audit matters (continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Key audit matter	ë Ÿ 2 + °
Impairment of trade receivables and contract assets	*Ø ø Ò ¯ a ê*

The amount of trade receivables and contract assets accounted for a significant portion of the Group's assets. As at 31 December 2022, the aggregated carrying amount and the impairment provision were RMB1,394,841,000 and RMB65,184,000 respectively of trade receivables and contract assets.

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The Group applied the simplified approach to determine the provision and recognised lifetime expected losses for trade receivables and contract assets. 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. In addition, management considered forward-looking information, including the forecast of industry situation and overall economic conditions. Estimating the expected credit loss requires significant management judgements and estimates.

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The accounting policies and disclosure of the impairment are included in note 2.4 "Summary of significant accounting policies", note 3 "Significant accounting judgements and estimates", note 22 "Trade, bills receivables and contract assets" to the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT
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Key audit matters (continued)

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How our audit addressed the key audit matter

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We assessed management's processes and controls relating to the estimation of the expected credit loss by obtaining an understanding of the design, implementation and operation of key internal controls over the credit control, the receivables collection process and the process of recording expected credit loss for trade receivables and contract assets. We discussed with management on the estimation involved in determining the expected credit loss allowance regarding trade receivables and contract assets.

We tested the arithmetic accuracy of the provision matrix of simplified approach prepared by management to calculate the expected credit losses. We also assessed management's estimates on loss allowance by examining the information used by management, including testing the accuracy of the ageing report and repayment histories by vouching a sample of items with the relevant underlying documentation; and evaluating whether the estimated loss rates were adjusted based on forward-looking information. In addition, we evaluated the forward-looking information which the Group used to calibrate the matrix, such as the forecast of industry situation and overall economic conditions by comparing them to external industry outlook reports.

We also assessed the adequacy of the Group's disclosures included in the consolidated financial statements regarding the impairment assessment of trade receivables and contract assets.

INDEPENDENT AUDITOR'S REPORT
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Key audit matters (continued) ë Ÿ 2 + ° € ƒ •

How our audit addressed the key audit matter ¢ A Y 2 ½ ˆ # ë Ÿ 2 + °

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Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit.8661 508.4257 Tm(oF(i)0.5 (d)0.5 (a)0.5 kno6lD 55461 508.4257 TmA Bf01A70 024257 TmAo.5 r.5 kno6lD 555 (o)0

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INDEPENDENT AUDITOR'S REPORT
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Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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INDEPENDENT AUDITOR'S REPORT
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Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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For the year ended 31 December 2022 Ú Z g Z Z Ë d Z Ü g d S Ú ß Ë
(Expressed in Renminbi) € ø [O Æ • = •

		Notes W	2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w © (Restated) ( )
Continuing Operations	5 ƒ ¾ 8			
Revenue	8	5	**6,869,362**	4,640,843
Cost of sales	V / Ó		**(6,598,098)**	(4,235,846)
Gross profit	ã ;		**271,264**	404,997
Other income and gains	I	6	**113,104**	86,508

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
綜合財務狀況表

At 31 December 2022c

	Notes	2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w ©
Non-current assets			
Property, plant and equipment	15	**831,955**	1,901,125
Long-term prepayments and other receivables		**35,722**	17,211
Goodwill	16	**—**	—
Right-of-use assets	17	**118,298**	238,563
Investments in associates	18	**1,200**	200
Equity investments designated at fair value through other comprehensive income	19	**190**	190
Deferred tax assets	20		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
綜合權益變動表

Year ended 31 December 2022 c Ú Z g Z Z Ë d Z Ü g d S Ú ß Ë
(Expressed in Renminbi) € ø [O Æ • = •

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

(Expressed in Renminbi)

(2) a. The non-controlling shareholders of Liaoning Boxinke Semiconductor Materials Co., Ltd. ("Liaoning Semiconductor", a non-wholly owned subsidiary of the Company) contributed capital of RMB8,250,000 during this year. Upon the completion of the capital contributions, due to the effect of dilution, the non-controlling interests increased by RMB7,500,000.

b. The non-controlling shareholders of Qujing Xinyangguang Zhiding Technology Co., Ltd., a non-wholly owned subsidiary of the Company, contributed capital of RMB250,000 during this year.

c. The non-controlling shareholders of Qujing Yangguang New Energy Co., Ltd ("Qujing Yangguang", a non-wholly owned subsidiary of the Company), contributed capital of RMB210,000,000 during this year. Qujing Yangguang granted the non-controlling shareholders a put option which the non-controlling shareholders have the right to request Qujing Yangguang to repurchase the equity interest held by the non-controlling shareholders at any time after 31 December 2025.The contributed capital of RMB210,000,000 was a financial liability measured at the present value of the redemption amount of RMB242,067,000 and amortised accordingly. Upon the completion of the capital contributions by the non-controlling shareholders, the share of equity interest in Qujing Yangguang held by Jinzhou Yangguang Energy Co., Ltd. ("Jinzhou Yangguang", a wholly owned subsidiary of the Company) decreased from 53.7% to 49.35%, and the non-controlling interests was increased by RMB9,509,000.

(2) a.

8,250,000

500,000

b.

250,000

c.

210,000,000

242,067,000

53.7%

49.35%

9,509,000

		Attributable to equity shareholders of the Company									
		Share capital	Share premium	General reserve fund	Capital reserve	Exchange reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021		270,867	1,726,034	235,969	42,768	(18,525)	(64,722)	(2,051,836)	140,555	199,441	339,996
Profit for the year		–	–	–	–	–	–	193,222	193,222	109,130	302,352
Other comprehensive income for the year:											
Exchange differences related to foreign operations		–	–	–	–	19,350	–	–	19,350	–	19,350
Total comprehensive income for the year		–	–	–	–	19,350	–	193,222	212,572	109,130	321,702
Issue of shares		15,057	26,367	–	–	–	–	–	41,424	–	41,424
Disposal of non-controlling interests (note 38)		–	–	–	–	–	–	–	–	(51,600)	(51,600)
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	4,250	4,250
Investment in a subsidiary		–	–	–	(8,065)	–	–	–	(8,065)	8,065	–
Acquisition of non-controlling interests		–	–	–	–	–	(10,072)	–	(10,072)	(31,661)	(41,733)
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	(37,395)	(37,395)
Shares issued upon exercise of the shares awarded under the employee share ownership plan (note 34)		–	–	–	–	–	–	–	–	95,635	95,635
Appropriation to reserves		–	–	2,482	–	–	–	(2,482)	–	–	–
As at 31 December 2021		285,924	1,752,401	238,451	34,703	825	(74,794)	(1,861,096)	376,414	295,865	672,279

CONSOLIDATED STATEMENT OF CASH FLOWS
綜合現金流量表

Year ended 31 December 2022 c Ú Z g Z Z Ë d Z Ü g d S Ú ß Ë
(Expressed in Renminbi) € ø [O Æ • = •

	Notes	2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w ©
Cash flows from operating activities	¾ z $ – t Ž		
(Loss)/profit before tax			
from continuing operations	5	**(118,543)**	112,180
from discontinued operation		**1,387,976**	271,583
Adjustments for:	jÆ		
Depreciation and amortisation		**330,936**	281,202
Loss on disposal of property, plant and equipment	/J8e	**767**	60,393
Gain on disposal of a subsidiary	/	**(1,044,553)**	(712)
Write-down/(reversal of write-down) of inventories		**86,546**	(17,463)
Impairment losses/(reversal of impairment) on trade receivables and contract assets		**26,274**	(18,071)
Impairment loss of property, plant and equipment	J8e	**43,039**	—
Finance costs	D Ó	**140,266**	134,685
(Reversal of provision)/provision for warranties		**(23,850)**	34,818
Interest income from bank deposits		**(27,930)**	(12,350)
Gain on acquisition of a subsidiary		**(1,512)**	—
Fair value gains on financial instruments	–D [H	**(6,502)**	—
Net foreign exchange (gain)/loss	f& X	**(29,564)**	7,005
Changes in working capital:	6 – j		
Increase in inventories		**(439,455)**	(54,747)
Increase in trade receivables, prepayments, other receivables and other assets	#	**(165,937)**	(218,762)
Increase in contract assets	#	**(86,350)**	(28,742)
Increase in trade and other payables	#	**2,370,956**	526,519
Increase in deferred income	#	**6,248**	20,414
Cash generated from operations	¾ z Ô { $ –	**2,448,812**	1,097,952
The PRC income tax paid	7	**(50,435)**	(65,672)
Withholding tax paid	Ô	**(945)**	(1,926)
Net cash generated from operating activities	¾ z Ô { $ – X	**2,397,432**	1,030,354

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

(Expressed in Renminbi)

	Notes	2022 RMB'000	2021 RMB'000
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment		**(704,170)**	(610,065)
Payment for the acquisition of right-of-use assets		**(2,719)**	(1,174)
Acquisition of a subsidiary	37	**(661)**	—
Proceeds from disposal of property, plant and equipment		**3,215**	88,087
Interest received		**27,930**	12,350
Disposal of a subsidiary	38	**369,784**	(48,799)
Investment in an associate		**—**	(200)
Net cash used in investing activities			

CONSOLIDATED STATEMENT OF CASH FLOWS
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Year ended 31 December 2022c ÚZ g Z Z ëZ ïg d S ÚŒ
(Expressed in Renminbi) ¢ÐÆ

		Notes ¥W	2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w ©
Net increase/(decrease) in cash and cash equivalents	$ – ¿ $ – J # J€ ¯ Ç • X		**508,929**	(33,307)
Cash and cash equivalents at the beginning of the year	Ë ‹ $ – ¿ $ – J		**431,861**	456,265
Effect of foreign exchange rate changes, net	Ò Y B ¤ X		**(2,893)**	8,903
Cash and cash equivalents at the end of the year	Ë K $ – ¿ $ – J	25	**937,897**	431,861
Analysis of balances of cash and cash equivalents	$ – ¿ $ – J q ±			
Cash and bank balances	$ – ¿ Õ q	25	**937,897**	431,861

1. Corporate and group information

Solargiga Energy Holdings Limited (the "Company", together with its subsidiaries, the "Group", Hong Kong stock code: 757) is a limited liability company incorporated in Cayman. The registered office of the Company is located at Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands.

The Group is a leading supplier of downstream vertically integrated solar energy services.

During the year, the Group was mainly engaged in the following businesses:

(a) the manufacture of, trading of and provision of processing services for polysilicon and monocrystalline silicon solar ingots/wafers;

(b) the manufacture and trading of photovoltaic modules; and

(c) the construction and operation of photovoltaic power plants.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name of company	Place and date of incorporation/ establishment and place of operation	Authorised/ registered/ paid-in/ issued capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities	Legal form
			%	%	%		
Jinzhou Rixin Silicon Materials Co., Ltd.	The PRC 9 May 2007, Mainland China	Registered and paid-in capital of RMB190,000,000	100	—	100	Trading of photovoltaic modules	Limited liability company
Jinzhou Yangguang Energy Co., Ltd. ("Jinzhou Yangguang")	The PRC 15 December 2004, Mainland China	Registered and paid-in capital of RMB1,151,565,479	100	—	100	Manufacture and trading of photovoltaic modules	Limited liability company

1. Corporate and group information (continued) 1. ® ! ¿ « Ø € ƒ •

Information about subsidiaries (continued) Þ ë • n ® ! Y Ø € ƒ •

Name of company	Place and date of incorporation/ establishment and place of operation W Ó m J Ó m ® Ã ¿ Ú , ¿ ¾ ® Ã	Authorised/ registered/ paid-in/ issued capital , › J W J ¼ ® J Š ï I	Proportion of ownership interest Ô Þ Æ Æ B â 7			Principal activities	Legal form
			Group's effective interest I « Y ¼ ç Æ B %	Held by the Company _ I ® ! 5 Þ %	Held by a subsidiary _ S œ • n ® ! 5 Þ %		, › – Ì
Shanghai Jingji Electronic Materials Co., Ltd. j z Þ • Ø Þ	The PRC 16 March 1998, Mainland China • 7 S X X Ë g Ù Ú • 7 Ô	Registered and paid-in capital of US$6,950,000 W 6,950,000 ©	100	—	100	Manufacturing and trading of photovoltaic modules ¿ - ¶	Limited liability company Þ
Solar Technology Investment (Cayman) Corp	Cayman Islands 15 December 2006 Z g g Ë d Z Ù Ú	Authorised capital of HK$400,000,000 of HK$0.10 each and issued share capital of HK$167,895,494 400,000,000 Ê & 0.10 ¥ Š 167,895,494 ¥	100	100	—	Investment holding ³ p	Limited liability company Þ
Jinzhou Yangguang Jinmao Photovoltaic Technology Co., Ltd. ("Jinzhou Jinmao") Þ	The PRC 17 July 2009, Mainland China • 7 Z g g X Ë V Ù V Ú • 7 Ô	Registered and paid-in capital of RMB140,000,000 W Æ 0,000,000 ©	100	—	100	Manufacture and trading of photovoltaic modules ¿ - ¶	Limited liability company Þ
Solargiga Energy (Hong Kong) Company Limited Þ	Hong Kong 13 June 2008 0 ¥ Z g g Ë Ù g Ú	HK$1 1 ¥	100	100	—	Trading of photovoltaic modules o - ¶	Limited liability company Þ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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31 December 2022cœzgZZëZÿdSÚ

1. Corporate and group information (continued)

Information about subsidiaries (continued)

Name of company	Place and date of incorporation/ establishment and place of operation W Ó m J Ó m ® Ã ¿ Ú , ¿ ¾ ® Ã	Authorised/ registered/ paid-in/ issued capital , › J W J ¼ ® J Š ï I	Proportion of ownership interest Ô Þ Æ Æ B â 7 Group's effective interest I « Y ¼ ç Æ B %	Held by the Company _ I ® ! 5 Þ %	Held by a subsidiary _ S œ • n ® ! 5 Þ %	Principal activities ô 8	Legal form , › – Ì
Jinzhou Xinyangguang Photovoltaic Application Co., Ltd. È Ø Ð Þ	The PRC 25 September 2007, Mainland China • 7 Zgg V Ë Ü Zd ž Ú • 7 Ô	Registered and paid-in capital of RMB100,000,000 W Ø Þ 0,000,000 ©	100	—	100	Construction of photovoltaic power plant £ g	Limited liability company Þ ®
Jinzhou Xinlin Solargiga Industrial and Trading Co., Ltd. Ê ¥ Ø q Þ ®	The PRC 26 June 2014, Mainland China • 7 Zg S , Ë Ü Zd ú • 7 Ô	Registered and paid-in capital of RMB20,000,000 W Ø Þ ,000,000 ©	100	—	100	Trading of solar cells and solar modules o - Æ ê Ø	Limited liability company Þ ®
Jinzhou Jiuxin Solargiga Technology and Trading Co., Ltd.							

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

1. Corporate and group information (continued)

Information about subsidiaries (continued)

Name of company	Place and date of incorporation/ establishment and place of operation	Authorised/ registered/ paid-in/ issued capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities	Legal form
			%	%	%		

1. Corporate and group information (continued)

Information about subsidiaries (continued)

Name of company	Place and date of incorporation/ establishment and place of operation W Ó m J Ó m ® Ã ¿ Ú , ¿ ¾ ® Ã	Authorised/ registered/ paid-in/ issued capital , › J W J ¼ ® J Š ï I	Proportion of ownership interest Ô Þ Æ Æ B â 7			Principal activities ô 8	Legal form , › – Ì
			Group's effective interest I « Y ¼ ç Æ B %	Held by the Company _ I ® ! 5 Þ %	Held by a subsidiary _ S œ • n ® ! 5 Þ %		
Jiangsu Xinyangguang Zhiding Technology Co., Ltd. ê ¢ Ø Ä Ì ®	The PRC 24 March 2021, Mainland China • 7 Zg Z S Ë g Ø d , Ú • 7 Þ Ô	Registered capital of RMB30,000,000 and paid-in capital of RMB20,000,000					

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

2.1 Basis of preparation

These financial statements have been prepared in accordance with 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"), accounting principles generally accepted in Hong Kong 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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2.2 Changes in accounting policies and disclosures (continued)

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 *Levies* if they were incurred separately. The exception requires entities to apply the criteria in HKAS 37 or HK(IFRIC)-Int 21, respectively, instead of the Conceptual Framework to determine whether a present obligation exists at the acquisition date, as described below:

2.2 Changes in accounting policies and disclosures (continued)

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and

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2.3 Issued but not yet effective Hong Kong financial reporting standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]	
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]	
HKFRS 17	*Insurance Contracts*[1]	
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]	
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information*[6]	
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]	
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]	
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]	
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]	
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]	

2.3 Issued but not yet effective Hong Kong financial reporting standards (continued)

[1] Effective for annual periods beginning on or after 1 January 2023

[2] Effective for annual periods beginning on or after 1 January 2024

[3] No mandatory effective date yet determined but available for adoption

[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

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2.3 Issued but not yet effective Hong Kong financial reporting standards (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 Issued but not yet effective Hong Kong financial reporting standards (continued)

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

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2.4 Summary of significant accounting policies (continued)

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Business combinations and goodwill (continued)

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The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

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2.4 Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 Summary of significant accounting policies (continued)

Fair value measurement

The Group measures its equity investments at fair value at the

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2.4 Summary of significant accounting policies (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

2.4 Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

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2.4 Summary of significant accounting policies (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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2.4 Summary of significant accounting policies (continued)

Property, plant and equipment and depreciation (continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives as follows:

—	Patents	9 years
—	Customer relationship	10 years
—	Customer contracts	1 year

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2.4 Summary of significant accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold lands	50 years
Plant and machinery	6 years
Buildings	10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.4 Summary of significant accounting policies (continued)

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Leases (continued)

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Group as a lessee (continued)

(b) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for lease of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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2.4 Summary of significant accounting policies (continued)

Leases (continued)

Group as a lessor

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the

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2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or

2.4 Summary of significant accounting policies (continued)

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Investments and other financial assets (continued)

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Subsequent measurement (continued)

Financial assets designated at fair value through other comprehensive income (equity investments) (continued)

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

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Financial assets at fair value through profit or loss

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Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss.

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2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 Summary of significant accounting policies (continued)

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Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred assets is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2.4 Summary of significant accounting policies (continued)

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of profit or loss.

2.4 Summary of significant accounting policies (continued)

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Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments to account for the conversion and redemption option of the convertible bonds. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Renminbi unless otherwise indicated)

2.4 Summary of significant accounting policies (continued)

Inventories

2.4 Summary of significant accounting policies (continued)

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Government grants

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Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

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Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

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Share-based payments

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The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

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The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow model, further details of which are given in note 34 to the financial statements.

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The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 Summary of significant accounting policies (continued)

Share-based payments (continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.4 Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available

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(Expressed in Renminbi unless otherwise indicated)

2.4 Summary of significant accounting policies (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2.4 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim

2.4 Summary of significant accounting policies (continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of comprehensive income are translated into RMB at the weighted average exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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3. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(a) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of each asset, after taking into account the estimated residual value. Management reviews annually the useful life of an asset and its residual value, if any. Both the period and methods of depreciation are reviewed annually. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates. Further details are given in note 15 to the financial statements.

(b) Impairment of non-financial assets

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

3. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

(c) Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and W22

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4. Operating segment information (continued)

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 2022 and 2021 is set out below:

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		Segment A ± ÅA		Segment B ± ÅB		Segment C ± ÅC		Segment D ± ÅD		Total <	
		2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w © (Restated) ϑ	2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w © (Restated) ϑ	2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w © (Restated) ϑ	2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w © (Restated) ϑ	2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w © (Restated) ϑ
Revenue from external customers	8 . ¢ Ô Y × B	–	–	6,644,350	4,479,979	189,593	116,795	35,419	44,069	6,869,362	4,640,843
Intersegment revenue	ä	–	–	5,396,414	4,535,312	15,778	252,015	126,426	414,458	5,538,618	5,201,785
Reportable segment revenue	S ± Å × B	–	–	12,040,764	9,015,291	205,371	368,810	161,845	458,527	12,407,980	9,842,628
Reportable segment profit/(loss)	S Å – £ & •	–	–	(85,362)	42,866	(5,177)	6,754	(44,265)	15,602	(134,804)	65,222
Reportable segment assets (Qujing Group)	S Ø «	–	1,758,485	–	–	–	–	–	–	–	1,758,485
Reportable segment liabilities (Qujing Group)	S ä «	–	1,178,441	–	–	–	–	–	–	–	1,178,441
Reportable segment assets (Besides Qujing Group)	S Ø Ð «	–	–	5,395,365	3,529,901	206,652	191,116	2,135,007	811,670	7,737,024	4,532,687
Reportable segment liabilities (Besides Qujing Group)	S ä «	–	–	5,226,936	3,522,898	141,752	110,164	1,162,902	807,390	6,531,590	4,440,452

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5. Revenue

An analysis of revenue is as follows:

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		2022 RMB'000	2021 RMB'000 (Restated)
The manufacture and trading of semiconductor, the trading of monocrystalline silicon solar cells and others		**35,419**	44,069
The manufacture and trading of photovoltaic modules		**5,839,067**	4,467,504
Construction and operation of photovoltaic power plants		**189,593**	116,795
Rendering of services		**805,283**	12,475
		6,869,362	4,640,843

5. Revenue (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2022

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	Polysilicon and monocrystalline Silicon solar ingots/wafers	Photovoltaic modules	Construction and operation of Photovoltaic power plants	Semiconductor/ monocrystalline silicon solar cells and others	Total
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5. Revenue (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2021 (Restated)

		Polysilicon and monocrystalline Silicon solar ingots/wafers	Photovoltaic modules	Construction and operation of photovoltaic power plants	Semiconductor/ monocrystalline silicon solar cells and others	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods and service						
Sales of industrial products		—	4,467,504	541	44,069	4,512,114
Processing service		—	12,475	—	—	12,475
Construction services		—	—	116,254	—	116,254
Total		—	4,479,979	116,795	44,069	4,640,843
Geographic markets						
Mainland China		—	3,436,640	116,795	44,033	3,597,468
Japan		—	933,009	—	34	933,043
South Asia		—	84,847	—	—	84,847
Europe		—	25,467	—	2	25,469
Others		—	16	—	—	16
Total		—	4,479,979	116,795	44,069	4,640,843
Timing of revenue recognition						
Goods transferred at a point of time		—	4,467,504	541	44,069	4,512,114
Service transferred over time		—	12,475	116,254	—	128,729
Total		—	4,479,979	116,795	44,069	4,640,843

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5. Revenue (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations (continued)

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 service

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:

		2022 RMB'000	2021 RMB'000
Sale of industrial products		**318,662**	136,023
Construction services		**10,356**	5,060
Within one year		**329,018**	141,083

6. Other income and gains

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7. Profit before tax (continued)

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		2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w © (Restated) € • •
(c)	**Other items** I ü ° f		
	Depreciation of right-of-use assets (note 17) 4 V Æ Y ¢ V 17 •	**25,097**	14,620
	Depreciation of property, plant and equipment# (note 15) J 8 e @ ¥ ± # ¢ V 15 •	**305,839**	266,582
	Write-down/(reversal of write-down) of inventories (note 21) Æ ¢ V 21 •	**86,546**	(17,463)
	(Reversal of provision)/provision for Warranty (note 30) ¥ Ó ¢ V 30 •	**(23,850)**	34,818
	Research and development costs ¼ Ó	**98,203**	8,950
	Impairment losses/(reversal of impairment losses)/on financial and contract assets (note 22) Ì ¥ Ø ∃ ∓ ¢ 22 •	**26,274**	(18,071)
	Impairment losses of property, plant and equipment (note 15) J 8 e @ F ¢ V 15 •	**43,039**	—
	Net loss/(gain) on disposal of property, plant and equipment (note 6) / J 8 e @ ¥ f & ¢ V 6 •	**71**	(8,891)
	Fair value gains on financial instruments – D Ĥ Y ® B	**(6,502)**	—
	Cost of inventories sold# (note 21(b)) Š Æ Ó ¢ V 21(b) •	**5,724,220**	4,125,154
	Cost of services rendered# Š 6 Ó #	**873,878**	110,692
	Interest income from bank deposits (note 6)		

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9. Directors' remuneration (continued) 9. è + G – € ƒ •

		2022 Z g Z Z Ë			
		Fees š – RMB'000 [O Æ w ©	Salaries, allowances and benefits in kind ? I Z – e u h ¿ ¼ J ; B RMB'000 [O Æ w ©	Retirement scheme contributions × ~ Œ 6 › RMB'000 [O Æ w ©	Total < RMB'000 [O Æ w ©
Executive directors	B è +				
Tan Wenhua	Ë	—	**797**	—	**797**
Tan Xin (chief executive)	Ë	—	**1,495**	**15**	**1,510**
Wang Junze	ï " ã	—	**271**	—	**271**
Non-executive director	¢ B è +				
Hsu You Yuan	Ë	—	**648**	—	**648**

9. Directors' remuneration (continued)

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2021: Nil).

(i) Ms. Feng Wenli resigned as an independent non-executive director with effect from July 2022

(ii) Ms. Chung Wai Hang was appointed as an independent non-executive director with effect from July 2022.

(iii) Mr. Lian Tao resigned as an independent non-executive director with effect from October 2022.

(iv) Ms. Tan Ying was appointed as an independent non-executive director with effect from October 2022.

(v) Ms. Fu Shuangye resigned as an independent non-executive director with effect from June 2021.

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10. Five highest paid employees

The five highest paid employees during the year included three (2021: four) directors including the chief executive whose remuneration are disclosed in note 9. The aggregate of the remuneration in respect of the remaining two (2021: one) highest paid employee who is neither a director nor chief executive of the Company is as follows:

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	2022 RMB'000	2021 RMB'000
Basic salaries, allowances and benefits in kind	**1,644**	625
Mandatory Provident Fund Schemes	**30**	15
	1,674	640

The remuneration of the remaining two (2021: one) highest paid employee is within the following band:

	2022 Number of individuals	2021 Number of individuals
Nil to HK$1,000,000	**1**	1
Above HK$1,000,000	**1**	—
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11. Income tax (continued)

(b) (continued)
Notes:

(i) Hong Kong profits tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits of the Company's subsidiaries incorporated in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the subsidiaries incorporated in Hong Kong did not have any assessable profits subject to Hong Kong profits tax.

The Company and its subsidiaries incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax pursuant to the local rules and regulations of their respective countries of incorporation.

The statutory tax rate applicable to the Company's subsidiary incorporated in Germany was 15% for the year ended 31 December 2022 (2021: 15%). No provision for German income tax has been made as the subsidiary incorporated in Germany did not have any taxable profits for the year ended 31 December 2022 (2021: Nil).

The statutory tax rate applicable to the Company's subsidiary incorporated in Ghana was 35% for the year ended 31 December 2022 (2021: 35%). No provision for Ghana income tax has been made as the subsidiary incorporated in Ghana did not have any taxable profits for the year ended 31 December 2022 (2021: Nil)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022
(Expressed in Renminbi unless otherwise indicated)

11. Income tax (continued)

(b) (continued)

Notes: (continued)

(ii) The income tax rate of the Company's PRC subsidiaries is 25% except for the subsidiaries mentioned below:

Jinzhou Yangguang has been accredited as "High and New Technology Enterprise" by the relevant government authority since 2012 and has been registered with the local tax authority to be eligible for a reduced income tax rate of 15%. "High and New Technology Enterprise" certificate is renewed every three years. Jinzhou Yangguang has renewed the certificate in 2021 effective for the three years from 2021 to 2023. Accordingly, Jinzhou Yangguang was entitled to the 15% income tax rate for 2022 and 2021.

Jiangsu Yueyang has been accredited as "High and New Technology Enterprise" by the relevant government authority in 2021 for a term of three years, and has been registered with the local tax authority to be eligible for a reduced income tax rate of 15%. Accordingly, Jiangsu Yueyang was entitled to the 15% income tax rate for 2022 and 2021.

Liaoning Semiconductor has been accredited as "High and

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31 December 2022
(Expressed in Renminbi unless otherwise indicated)

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12. Discontinued operation (continued)

In view of the Group's business strategy, the Group does not expect to manufacture any polysilicon and monocrystalline silicon solar ingots/wafers in the foreseeable future. With Qujing Yangguang being classified as a discontinued operation, the manufacture of, trading of, and provision of processing services for polysilicon and monocrystalline silicon solar ingots/wafers business is no longer included in the note for operating segment information.

The results of discontinued operation for the year are presented below:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022
(Expressed in Renminbi unless otherwise indicated)

12. Discontinued operation (continued)

The net cash flows incurred from discontinued operation are as follows:

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	2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w © (Restated) €

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

14.

(a)

(b)

15. Property, plant and equipment

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		Construction in progress ¯ ^ û RMB'000 [O Æ w ©	Buildings } Á RMB'000 [O Æ w ©	Plant, machinery and equipment @ Ò e Ú œ ¿ £ ê RMB'000 [O Æ w ©	Motor vehicles Û RMB'000 [O Æ w ©	Furniture and fittings • H ¿ x › Ä RMB'000 [O Æ w ©	Total RMB'000 [O Æ w ©
Cost:	Ó I j						
At 1 January 2022	ã g Z Z ë Ü Ú	**279,299**	**727,426**	**2,142,804**	**34,381**	**34,546**	**3,218,456**
Acquisitions of subsidiary	×ı ®	**—**	**2,113**	**1,722**	**779**	**115**	**4,729**
Additions	ã Á	**436,951**	**5,224**	**41,410**	**2,890**	**2,762**	**489,237**
Disposals	/	**(25,193)**	**(2,113)**	**(34,355)**	**(9,473)**	**—**	**(71,134)**
Disposal of subsidiaries	/ ¶ ®	**(39,575)**	**(381,911)**	**(1,146,591)**	**(5,820)**	∠	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

15. Property, plant and equipment (continued)

	Construction in progress	Buildings	Plant, machinery and equipment	Motor vehicles	Furniture and fittings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2021	261,394	746,974	1,869,182	31,037	28,820	2,937,407
Additions	755,147	5,506	44,380	4,433	5,868	815,334
Disposals	(3)	(75,051)	(456,889)	(1,974)	(352)	(534,269)
Transfer	(737,239)	49,997	686,131	885	226	—
Exchange adjustments	—	—	—	—	(16)	(16)
At 31 December 2021	279,299	727,426	2,142,804	34,381	34,546	3,218,456
Accumulated depreciation and impairment losses:						
At 1 January 2021	(80,684)	(209,041)	(1,084,164)	(24,899)	(25,332)	(1,424,120)
Depreciation for the year	—	(30,265)	(230,192)	(2,179)	(3,946)	(266,582)
Written back on disposals	—	28,141	343,322	1,667	238	373,368
Exchange adjustments	—	—	—	—	3	3
At 31 December 2021	(80,684)	(211,165)	(971,034)	(25,411)	(29,037)	(1,317,331)
Net book value						
At 31 December 2021	198,615	516,261	1,171,770	8,970	5,509	1,901,125

(i) As at 31 December 2022, certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's property, plant and equipment (note 26), which had an aggregate net book value of RMB383,081,000 (31 December 2021: RMB494,154,000).

Substantially all of the Group's property, plant and equipment are located in Mainland China.

The Group has been applying for property ownership certificates for certain buildings included in property, plant and equipment with an aggregate net book value of RMB13,361,000 as at 31 December 2022 (31 December 2021: RMB113,873,000). Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title to these buildings as at 31 December 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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31 December 2022 cZ g Z Z Ë Z Ü g d S Ú
(Expressed in Renminbi unless otherwise indicated) 6 W ı k . d ¢ O Æ

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17. Leases (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

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RMB'000		2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë [O Æ w ©
Carrying amount at 1 January	õ S Ü Ú & X	**93,862**	49,350
New leases	- a #	**130,776**	70,762
Accretion of interest recognised during the year	Ë ¢ #	**9,266**	3,574
Payments	ù	**(47,652)**	(29,824)
Deductions as a result of disposal of subsidiaries	/ S • ¶ n Ë	**(160,260)**	—
Carrying amount at 31 December	õ d Z ÿ d S Ú & =	**25,992**	93,862
Analysed into:	± ¼ j		
Current portion	C Å	**3,300**	20,270
Non-current portion	Ë C Å	**22,692**	73,592

The maturity analysis of lease liabilities is disclosed in note 44(b) to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

		2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w ©
Interest on lease liabilities	a # À ¹	**9.266**	3,574
Depreciation charge of right-of-use assets	4 V Æ ± \	**25,097**	14,620
Total amount recognised in profit or loss	] & B Y ¤	**34,363**	18,194

The total cash outflow for leases is disclosed in notes 39(c).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renmbi unless otherwise indicated)

18. Investments in associates

	2022

18. Investments in associates (continued)

All of the above associates are accounted for using the equity method in the consolidated financial statements.

The Group's shareholdings in the associates all comprise equity shares held through a wholly-owned subsidiary of the Company, except for Xingye Lvjian, the shareholding in which is held through a partly-owned subsidiary of the Company.

19. Equity investments designated at fair value through other comprehensive income

	2022	2021

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022
(Expressed in Renminbi unless otherwise indicated)

20. Deferred tax

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

		2022				
		Deferred income	Provision for warranties	Allowance for doubtful debt	Write-down of inventories	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022		2,882	6,183	—	—	9,065
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	11	(720)	(795)	1,974	7,316	7,775
At 31 December 2022		2,162	5,388	1,974	7,316	16,840

Deferred tax liabilities

	2022		
	Fair value adjustments on business combination	Others	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2022			

20. Deferred tax (continued)

Deferred tax assets

		2021 ZgZSË		
		Deferred income ðx RMB'000 [OÆE©	Provision for warranties ¼aê RMB'000 [OÆE©	Total < RMB'000 [OÆE©
At 1 January 2021	ƵgZSËüÚ	6,005	3,657	9,662
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	&B&B È 11•	(3,123)	2,526	(597)
At 31 December 2021	ƵgZSË dZüdSÚ	2,882	6,183	9,065

Deferred tax liabilities

	2021 ZgZSË
	Fair value

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022
(Expressed in Renminbi unless otherwise indicated)

20. Deferred tax (continued)

Deferred tax assets have not been recognised in respect of the following items:

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	2022 RMB'000	2021 RMB'000
Tax losses	**968,750**	1,890,835
Deductible temporary differences	**225,235**	80,961
	1,193,985	1,971,796

At 31 December 2022, the Group has not recognised deferred tax assets in respect of unused tax losses of RMB715,898,000 (31 December 2021: RMB1,712,300,000) and RMB252,852,000 (31 December 2021: RMB178,535,000) attributable to its subsidiaries in Mainland China and Hong Kong, respectively, and certain deductible temporary differences of RMB225,235,000 (31 December 2021: RMB80,961,000), as it is not probable that future taxable profits against which the losses or deductible temporary differences can be utilised will be available in the relevant tax jurisdictions and entities.

Included in the unrecognised tax losses, RMB252,852,000 (31 December 2021: RMB178,535,000) may be carried forward indefinitely and the remaining balance RMB715,898,000 from subsidiaries in Mainland China will expire at various dates up to 2027.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

21. Inventories

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(a) Inventories in the consolidated statement of financial position comprise:

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		2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w ©
Materials and supplies	ø Ë Ð	**413,740**	258,677
Finished goods	¡ Ó	**263,913**	204,302
		677,653	462,979
Write-down of inventories to net realisable value	À Ù $ =	**(90,086)**	(3,540)
		587,567	459,439

(b) The analysis of the amount of inventories sold is as follows:

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		2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w ©
Carrying amount of inventories sold	Š À Y * & =	**5,637,674**	4,142,617
Write-down/(reversal of write-down of inventories	À ø Ù	**86,546**	(17,463)
		5,724,220	4,125,154

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

22. Trade, bills receivables and contract assets (continued)

As at 31 December 2022, borrowings amounting to RMB32,678,000 (31 December 2021: RMB56,344,000) and RMB115,518,000 (31 December 2021: RMB354,622,000) were secured by certain of the Group's trade receivables and bills receivable with a carrying amount of RMB32,678,000 (31 December 2021: RMB56,344,000) and RMB115,518,000 (31 December 2021: RMB354,622,000) respectively.

	2022 RMB'000	2021 RMB'000
Contract assets arising from:		
Sale of industrial products	**214,063**	157,046
Construction services	**32,964**	3,631
	247,027	160,677
Impairment	**(3,148)**	(1,628)
	243,879	159,049

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 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 increase in contract assets in 2022 and 2021 was the result of the increase in the ongoing sale of industrial products and the provision of construction services at the end of each of the years.

22. Trade, bills receivables and contract assets (continued)

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

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		2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w ©
Within 1 year	S Ë &	**247,027**	160,677

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

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			2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z g Z S Ë RMB'000 [O Æ w ©
At the beginning of the year	Ë &		**113,245**	131,316
Impairment losses/(reversal of impairment losses) (note 7)	3 0 Ë U	7 •	**26,274**	(18,071)
Amount written off as uncollectible	Ì ¾ W V Y – X		**(68,418)**	—
Disposal of subsidiaries	/ ¶ ®		**(5,917)**	—
At the end of the year	Ë K		**65,184**	113,245

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 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 balance for groupings of various customers with similar loss patterns, repayment histories, and existing customer-specific and market conditions, and also taking into consideration of forward-looking information, including the forecast of industry situation and overall economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

22. Trade, bills receivables and contract assets (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix:

As at 31 December 2022

(i) Large-scale state-owned enterprises, multinational enterprises and related parties

[redacted]

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(Expressed in Renminbi unless otherwise indicated)6 S W ü k . dÇO Æ

22. Trade, bills receivables and contract assets (continued)

As at 31 December 2021

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(i) Large-scale state-owned enterprises, multinational enterprises and related parties

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		Within 1 year S ë	Between 1 and 2 years S Ë ë	Between 2 and 3 years Z ë g Ë	Between 3 and 4 years g Ë Ë	Over 4 years t Œ	Total <
Expected credit loss rates	k ƒ &	0.14%	0.89%	5.18%	11.08%	31.69%	
Gross carrying amount (RMB'000)	* & < Ð Æ €	538,570	43,985	42,937			

(ii) ÿ Ø e(7 8 q ë Ù

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

23. Prepayments, other receivables and other assets

		2022 RMB'000	2021 RMB'000
Consideration for disposal of subsidiaries (note 12)		889,321	—
Prepayments for raw materials		213,394	314,445
Deductible value-added			

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(Expressed in Renminbi unless otherwise indicated)

26. Interest-bearing bank and other borrowings

	31 December 2022 Effective	31 December 2021

(a)

(i)

(ii)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Renminbi unless otherwise indicated)

27. Trade and bills payables

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		2022 RMB'000	2021 RMB'000
Trade payables		**1,307,717**	927,004
Bills payable		**2,433,217**	1,315,712
		3,740,934	2,242,716

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

(a)

	2022 RMB'000	2021 RMB'000
Within 1 month	**1,027,945**	785,573
1 to 3 months	**977,506**	712,362
4 to 6 months	**1,558,395**	645,239
7 to 12 months	**153,821**	65,245
Over 1 year	**23,267**	34,297
	3,740,934	2,242,716

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

(b) As at 31 December 2022, the Group's bills payable of RMB2,433,217,000 (31 December 2021: RMB1,315,712,000) were secured by Group's bills receivable of RMB57,410,000 (31 December 2021: RMB204,923,000) (note 22) and by Group's pledged deposits of RMB2,245,602,000 (31 December 2021: RMB567,529,000).

(b)

28. Other payables and accruals

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		2022 Z g Z Z Ë RMB'000 [O Æ w ©	2021 Z Z S Ë B'000 [w ©
Payables for acquisition of property, plant and equipment	Ä8e@ Ð ß	203,795	4,737
Payables for other taxes	l ì	72,072	1,217
Payables for freight charges	 l	23,561	5,229
Payables for staff-related cost	 ˆ	33,064	9,271
Dividends payable(*)	 (*)	217,123	138
Other payables on behalf of the third-parties	l g	58,007	,427
Other payables and accruals	l q Ð\	68,553	
		676,175	

* The balance mainly represented the Special Dividend declared in December 2022 (note 13), and the dividends amounting to RMB5,459,000 to the non-controlling shareholders declared by Liaoning Semiconductor in May 2022.

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The above amounts are unsecured, interest-free and have no fixed terms of repayment.

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29. Contract liabilities

Details of contract liabilities are as follows:

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(Expressed in Renminbi unless otherwise indicated)

32. Retirement benefit schemes

32.

33. Share capital

Authorised and issued share capital

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		2022 Z g Z Z Ë No. of shares p ... p f	 '000 w ©	2021 Z g Z S Ë No. of shares p ... p f	 '000 w ©
Authorised:	, › j				
Ordinary shares of HK$0.1 each	Ê p & θ . 1 ¥ ® w ¢ p	**5,000,000,000**	**HK$500,000**	5,000,000,000	HK$500,000
Equivalent to	´ õ .		**RMB450,000**		RMB450,000
Ordinary shares, issued and fully paid:	Š ï ¿ ® w · p j				
At 1 January	õ S Ú	**3,323,771,133**	**RMB285,924**	3,143,771,133	RMB270,867
Effect of Subscription of new shares under general	‰ 9 x Œ g P				

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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31 December 2022

(Expressed in Renminbi unless otherwise indicated)

37. BUSINESS COMBINATION

On 31 March 2022, the Group acquired a 100% interest in Jinzhou Changhua Carbon Products Co., Ltd. ("Changhua Carbon") from outside the Group. The purchase consideration for the acquisition was in the form of cash, with RMB5,192,000 paid at the acquisition date on 31 March 2022.

The fair values of the identifiable assets and liabilities of Changhua Carbon as at the date of acquisition were as follows:

		Fair value recognized on acquisition RMB'000
Property, plant and equipment		4,729
Cash and bank balances		4,531
Trade receivables		28,951
Inventories		4,019
Prepayments and other receivables		413
Trade payables		(13,038)
Other payables and accruals		(22,901)
Total identifiable net assets at fair value		6,704
Gains on acquisition		(1,512)
Satisfied by cash		5,192

	RMB'000
Cash consideration	(5,192)
Cash and bank balances acquired	4,531
Net outflow of cash and cash equivalents included in cash flows from investing activities	(661)

38. Disposal of subsidiaries

(a) Disposal of Qujing Yangguang in 2022

As disclosed in note 12, Qujing Yangguang was disposal of on 30 December 2022. Therefore, Qujing Yangguang ceased to be a subsidiary of the Company and its financial statement of the Group.

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	Note •W	Disposal Date /Ú, RMB'000 [OÆw©
Net assets disposed of:	ÃÝ*j	
Property, plant and equipment	J8e@	1,168,613
Long-term prepayments and other receivables	—¸kü¢Ð ›°	31,880
Right-of-use assets	4VÆ	225,944
Deferred tax assets	Ëf*	7,763
Cash and bank balances	$–ß¢	86,554
Pledged deposit	ßÃ	54,437
Trade and bills receivables	Ðø@C½›	671,556
Inventories	À	191,916
Prepayments and other receivables	kü¢Ð	59,943
Derivative financial instruments*	[–DÝH*	(1,404)
Interest-bearing bank and other borrowings	Ò¢Ü+	(749,226)
Trade and bills payables	ĐøC½›	(347,016)
Other payables and accruals	Ið¸ÐÑ	(225,576)
Contract liabilities	¥ØÃ	(5,204)
Current portion of lease liabilities	S‹Q,Ya#À	(61,278)
Convertible bonds*	IpÀ*	(258,109)
Deferred income	Ëx	(137,966)
Lease liabilities	a#À	(98,982)
Non-controlling interests	¢SÌÆE	(310,934)
		302,911
Transaction costs	tÓ	3,249
Gain on disposal of subsidiaries	/n®S	12 1,043,840
		1,350,000
Satisfied by:	Ò¡	
Cash	$–	1,350,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

38. Disposal of subsidiaries (continued)

(a) Disposal of Qujing Yangguang in 2022 (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

		2022 RMB'000
Cash consideration		456,651
Cash and bank balances disposed of		(86,554)
Net inflow of cash and cash equivalents in respect of the disposal of Qujing Yanggang		

(b)

38. Disposal of subsidiaries (continued)

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(b) Disposal of Liaoning Yangguang (continued)

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		Note W	Disposal Date /Ú RMB'000 [OÆ
Net assets disposed of:	/*j		
Cash and bank balances	$–Õ¤		313
Inventories	À		36,884
Prepayments and other receivables	kü¢		6,798
Trade and bills payables	¤¢½›		(39,307)
Other payables and accruals	l¤Ð\		(5,401)
			(713)
Gain on disposal of a subsidiary	/S•n®	6	713
			—
Satisfied by:	Õj		
Cash	$–		—

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary are as follows:

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		2022 ZgZZË RMB'000 [OÆw©
Cash consideration	$–þ	—
Cash and bank balances disposed of	ÄX$–Õ¤	(313)
Net outflow of cash and cash equivalents in respect of the disposal of Liaoning Yangguang	/q¹€Y$–q$–Jt	(313)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

38. Disposal of subsidiaries (continued)

(c) Disposal of Qinghai Yangguang in 2021

In December 2021, Solargiga Hong Kong, Mr. Luo Qian and Mr. Bao Quanjun entered into an agreement, pursuant to which Solargiga Hong Kong agreed to sell, Mr. Luo Qian and Mr. Bao Quanjun agreed to acquire 50.5% and 0.5% of the equity interest in Qinghai Yangguang at a consideration of approximately RMB53,885,000 and RMB534,000, respectively. The disposal was completed on 8 December 2021. Upon completion, Qinghai Yangguang ceased to be a subsidiary of the Company and its financial results was no longer consolidated into the financial statements of the Group.

	Note	Disposal Date RMB'000
Net assets disposed of:		
Property, plant and equipment		32,935
Cash and bank balances		76,552
Trade and bills receivables		24,648
Inventories		47,858
Prepayments and other receivables		74,125
Trade and bills payables		(106,978)
Other payables and accruals		(42,203)
Deferred income		(1,631)
Non-controlling interests		(51,600)

38. Disposal of subsidiaries (continued)

(c) Disposal of Qinghai Yangguang in 2021 (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

39. Notes to the consolidated statement of cash flows (continued)

(b) Changes in liabilities arising from financing activities

	Interest-bearing borrowings RMB'000	Lease Liabilities RMB'000
At 1 January 2022	2,124,949	93,862
Changes from financing cash flows	(69,039)	(38,386)
Capital contribution from non-controlling interests (note12)	32,067	—
New leases	—	130,776
Interest expense	—	9,266
Interest paid classified as operating cash flow	—	(9,266)
Decrease arising from disposal of subsidiaries	(749,226)	(160,260)
At 31 December 2022	1,338,751	

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

41. Related party transactions (continued)

(b) Transactions with directors of a subsidiary, associates and entities controlled by close family members of the directors (continued)

Note:

In the opinion of the directors, the transactions between the Group and the related parties were conducted in the ordinary and usual course of business and on normal commercial terms, and the pricing terms were based on the prevailing market prices.

(c) In October 2022, Jinzhou Yangguang entered into an Equity Transfer Agreement with the Purchasers. Among the Purchasers, three entities were controlled by Mr. Tan Wenhua and/or Mr. Tan Xin, which were defined as related parties of the Group. The total consideration was approximately RMB1,350,000,000 and RMB900,000,000 therein was related to these three entities. Further details of the transaction are included in note 12 to the financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

41. Related party transactions (continued)

(d) Outstanding balances with related parties

	2022 RMB'000	2021 RMB'000
Trade and bills receivables:		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022
(Expressed in Renminbi unless otherwise indicated)

42. Financial instruments by category (continued)

2022 (continued)

Financial liabilities

		Financial liabilities at amortised cost RMB'000	Total RMB'000
Lease liabilities		**25,992**	**25,992**
Trade and bills payables		**3,740,934**	**3,740,934**
Financial liabilities included in other payables and accruals		**571,039**	**571,039**
Interest-bearing bank and other borrowings		**1,338,751**	**1,338,751**
		5,676,716	**5,676,716**

42. Financial instruments by category (continued) 42. 2 ó è Œ ± Y Ì ^ H € ƒ •

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Financial assets Ì *

		Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Debt investment À RMB'000 [O Æ ©	Equity investment p Æ RMB'000 [O Æ ©	Ó n Y Ì * RMB'000 [O Æ ©	< RMB'000 [O Æ ©
Equity investments designated at fair value through other comprehensive income		—	190	—	190
Financial assets included in trade, bills receivables and contract assets		—	—	1,794,155	1,794,155
Financial assets included in prepayments, other receivables and other assets		—	—	106,556	106,556
Pledged deposits		—	—	751,278	751,278
Cash and cash equivalents		—	—	431,861	431,861
Financial assets included in long term prepayments and other receivables		—	—	1,532	1,532
		—	190	3,085,382	3,085,572

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

43.

43. Fair value and fair value hierarchy of financial instruments (continued)

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Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2022 and 2021:

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	Valuation technique Ŧ"	Significant unobservable input }"HÀ]=	Range Í	Sensitivity of fair value to the input ®=
Unlisted equity investments Ç9pÆ	Valuation multiples =4p	Median P/B 9*•p	RMB183,000 to RMB223,000 (2021: RMB187,000 to RMB229,000) [OÆ183,000 © [OÆ223,000 © €2021j[OÆ 187,000©[OÆ229,000©	1% (2021: 1%) increase/decrease in multiple would result in increase/decrease in fair value by RMB2,000 (2021: RMB2,000) 1%€2021j 14‰ #JÇç ®#J¯ ([OÆ000 © €2021Ë[OÆ 2,000©
		Discount for lack of marketability yØtÌ+	24% (2021: 26%)	1% (2021: 1%) increase/decrease in discount would result in decrease/increase in fair value by RMB2,700 (2021: RMB2,800) 1%€2021Ë‰ +#JÇ¬ ([OÆ700 #[OÆ700 €© 2021Ë[OÆ2,800©

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

43. Fair value and fair value hierarchy of financial instruments (continued)

Fair value hierarchy

The following table illustrate the fair value measurement hierarchy of the Group's financial instruments:

(a) Assets measured at fair value

As at 31 December 2022

43. Fair value and fair value hierarchy of

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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44. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	1,205,268	1,205,268
Bills receivable					
— Not yet past due	700,504	—	—	—	700,504
Financial assets included in prepayments and other current assets					
— Normal**	106,556	—	—	—	106,556
— Doubtful**	—	—	—	—	—
Restricted deposits					
— Not yet past due	751,278	—	—	—	751,278
Cash and cash equivalents					
— Not yet past due	431,861	—	—	—	431,861
Long term receivables	1,532	—	—	—	1,532
	1,991,731	—	—	1,205,268	3,196,999

* For trade receivables included in trade, bills receivables and contract assets, to which the Group applies the simplified approach, information based on the provision matrix is disclosed in note 22 to the financial statements.

** The credit quality of the financial assets included in prepayments and other current assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade, bills receivables and contract assets, and prepayments and other current assets are set out in notes 22 and 23.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

44. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

		2022					
		Contractual undiscounted cash outflow					
		Carrying amount at 31 December	Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term bank loans		1,246,979	1,300,751	1,300,751	–	–	–
Long-term bank and other loans		91,772	96,939	4,842	92,097	–	–
Trade and bills payables		3,740,934	3,740,934	3,740,934	–	–	–
Other payables and accruals		571,039	571,039	571,039	–	–	–
Lease liabilities		25,992	26,186	3,300	3,532	11,725	7,629
		5,676,716	5,735,849	5,620,866	95,629	11,725	7,629

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44. Financial risk management objectives and policies (continued)

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(c) Interest rate risk

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risks. During the year, however, the management of the Group did not consider that it is necessary to use interest rate swaps to hedge their exposure to interest.

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(i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings at the end of the reporting period.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

44. Financial risk management objectives and policies (continued)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

The Group

2022			2021		
Increase/ (decrease) in interest rate	Increase/ (decrease) in profit	Increase/ (decrease) in equity	Increase/ (decrease) in interest rate	Increase/ (decrease) in profit	Increase/ (decrease) in equity
%	RMB'000	RMB'000	%	RMB'000	RMB'000
1	(1,805)	(1,805)	1	(1,546)	(1,546)
(1)	1,805	1,805	(1)	1,546	1,546

The sensitivity analysis above indicates the corresponding effects for the year and equity that would have arisen assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the financial instruments in existence at that date. The analysis has been performed on the same basis as 2021.

(d) Foreign currency risk

The Group is exposed to currency risk primarily through sales and purchases, bank loans and cash and bank

44. Financial risk management objectives and policies (continued)

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(d) Foreign currency risk (continued)

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(i) Exposure to currency risk

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The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities in the consolidated statement of financial position (after elimination of intercompany receivables and payables) denominated in a currency other than the functional currency of the entity to which they relate.

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Exposure to foreign currencies (expressed in Renminbi)
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	2022 Z g Z Z Ë				2021 Z g Z S Ë			
	United States Dollar Õ © **RMB'000** [O Æ w ©	**Euro** „ © **RMB'000** [O Æ w ©	**Hong Kong Dollar** ¥ Æ **RMB'000** [O Æ w ©	**Japanese Yen** Ú å **RMB'000** [O Æ w ©	United States Dollar Õ © RMB'000 [O Æ w ©	Euro „ © RMB'000 [O Æ w ©	Hong Kong Dollar ¥ Æ RMB'000 [O Æ w ©	Japanese Yen Ú å RMB'000 [O Æ w ©
Trade, bills receivables and								

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44. Financial risk management objectives and policies (continued)

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(e) Capital management

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The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

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The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 31 December 2021.

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The Group monitors its capital structure on the basis of a gearing ratio. For this purpose, the Group defines gearing ratio as the ratio of total borrowings, less cash and cash equivalents, to the total of share capital and reserves.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Renminbi unless otherwise indicated)

44. Financial risk management objectives and

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46. Statement of financial position of the Company

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Information about the statement of financial position of the Company at the end of the reporting period is as follows:

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		2022 ZgZZË RMB'000 [OÆw©	2021 ZgZSË RMB'000 [OÆw©
Non-current assets	¢t *		
Investments in subsidiaries	õm®Y³	**1,364,678**	1,364,262
Current assets	t *		
Cash at banks and on hand	Õ§–	**1,851**	1,709
Current liabilities	tÀ		
Other payables and accruals	l¤Ø\	**114,371**	48,440
Net current liabilities	tÀX	**(112,520)**	(46,731)
Total assets less current liabilities	*<=¯tÀ	**1,252,158**	1,317,531
Net assets	*=	**1,252,158**	1,317,531
Capital and reserves	l¿·ê		
Share capital	pl	**285,924**	285,924
Reserves (note 35)	¢V35•	**966,234**	1,031,607
Total equity	ÆB<X	**1,252,158**	1,317,531

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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46. Statement of financial position of the Company (continued)

Note:

		Share premium	Exchange reserve	Accumulated losses	Total reserves
		RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021		1,726,034	(52,006)	(610,340)	1,063,688
Changes in equity for 2021:					
Loss for the year		—	—	(4,462)	(4,462)
Issue of shares		26,367	—	—	26,367
Other comprehensive income		—	(53,986)	—	(53,986)
Total comprehensive income		26,367	(53,986)	(4,462)	(32,081)
Balance at 31 December 2021		1,752,401	(105,992)	(614,802)	1,031,607
Balance at 1 January 2022		**1,752,401**	**(105,992)**	**(614,802)**	**1,031,607**
Changes in equity for 2022:					
Loss for the year		**—**	**—**	**(4,077)**	**(4,077)**
Special dividend (note 13)		**(211,513)**	**—**	**—**	**(211,513)**
Other comprehensive income		**—**	**150,217**	**—**	**150,217**
Total comprehensive income		**(211,513)**	**150,217**	**(4,077)**	**(65,373)**
Balance at 31 December 2022		**1,540,888**	**44,225**	**(618,879)**	**966,234**

47. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 29 March 2023.