

LEADING  
GREEN NEW ENERGY

**XINYI**  
**SOLAR**

**2025**  
ANNUAL REPORT



**信義光能控股有限公司**  
**XINYI SOLAR HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 00968

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# Corporate Information

## NON-EXECUTIVE DIRECTORS

Dr. LEE Yin Yee, S.B.S. (*Chairman*) <sup>o-</sup>  
Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*  
(*Vice Chairman*) <sup>o<</sup>

## EXECUTIVE DIRECTORS

Mr. LEE Shing Put, B.B.S. (*Vice Chairman and  
Chief Executive Officer*)  
Mr. LEE Yau Ching  
Mr. LI Man Yin  
Mr. CHU Charn Fai

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LO Wan Sing, Vincent <sup>#+<</sup>  
Mr. KAN E-ting, Martin <sup>#o<</sup>  
Ms. LEONG Chong Peng <sup>\*o<</sup>

- \* Chairperson of audit committee
- # Members of audit committee
- + Chairman of remuneration committee
- o Members of remuneration committee
- Chairman of nomination committee
- < Members of nomination committee

## COMPANY SECRETARY

Mr. CHU Charn Fai

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MAINLAND CHINA

Xinyi PV Glass Industrial Zone  
2 Xinyi Road  
Wuhu Economic and Technology  
Development Zone  
Wuhu City, Anhui Province, China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Rykadan Capital Tower  
No. 135 Hoi Bun Road  
Kwun Tong, Kowloon  
Hong Kong

## LEGAL ADVISERS AS TO HONG KONG LAW

Charles Russell Speechlys LLP  
Suite 3418, Level 34  
Two Pacific Place  
88 Queensway  
Hong Kong

## AUDITOR

Ernst & Young

*Certified Public Accountants*

*Registered Public Interest Entity Auditor*

*under the Accounting and Financial Reporting*

*Council Ordinance*

27/F, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

## PRINCIPAL BANKERS

Bank of China

China Citic Bank

China Construction Bank

China Merchants Bank

China Minsheng Bank

CMB Wing Lung Bank

Hang Seng Bank

HSBC

Huaxia Bank

Huishang Bank

Industrial Bank

Malayan Banking Berhad

Nanyang Commercial Bank

Sumitomo Mitsui Banking Corporation

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor

Services Limited

Shops 1712-16, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

## WEBSITE

<http://www.xinyisolar.com>

## SHARE INFORMATION

Place of listing: Main Board of The Stock Exchange of

Hong Kong Limited

Stock Code: 00968

Listing date: 12 December 2013

Board lot: 2,000 ordinary shares

Financial year end date: 31 December

Share price as of 31 December 2025: HK\$2.97

Market capitalisation as of 31 December 2025:

Approximately HK\$27.2 billion

## KEY DATES

Closure of register of members for the purpose of

entitlement to attend and vote at the

Annual General Meeting: Tuesday, 26 May 2026

to Friday, 29 May 2026 (both days inclusive)

Record date for the Annual General Meeting:

Friday, 29 May 2026

Date of Annual General Meeting:

Friday, 29 May 2026

# Chairman's Statement

On behalf of the Board (the "Board") of Directors (the "Directors") of Xinyi Solar Holdings Limited (the "Company" or "Xinyi Solar"), I am pleased to present herewith the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2025 (the "FY2025").

## OVERVIEW

Following several years of rapid expansion, the growth in the global photovoltaic ("PV") installation slowed down in 2025. Escalating geopolitical tensions and rising trade barriers have disrupted the PV supply chain, which resulted in volatility in demand. At the same time, China's policy shift from the fixed feed-in tariff regime and its deepening electricity market reforms have created additional uncertainties to the downstream installation activity. Within this complicated and challenging environment, all segments across the solar industry value chain are under significant pressure. Market competition has intensified, exerting continuous downward pressure on product prices and profit margins.

In 2025, the Group recorded revenue of RMB20,861.2 million, representing a decrease of 4.8% as compared to 2024, primarily due to the lower average selling prices ("ASP") of the solar glass products even if the sales volume achieved a higher level than the previous year. Profit attributable to equity holders of the Company decreased by 16.2% to RMB844.5 million, primarily due to the increase in the impairment provision on fixed assets. Basic earnings per share for 2025 were 9.29 RMB cents, as compared to 11.27 RMB cents for 2024.

The year-on-year decrease in the profitability was primarily attributable to the impact of fixed asset impairment, amounting to RMB2,321.6 million for 2025 (2024: RMB392.9 million). If excluding the impairment provision, the Group's profitability would have recorded a notable improvement — as compared to 2024 and between the first and second half of 2025. For the solar glass business, the overseas markets delivered relatively strong results, driving a recovery in the gross margin. For the renewable energy business, the revenue reached a stable level, with the amount of gross profit showing a slight decline.

## BUSINESS REVIEW

### Key PV market developments and challenges in 2025

For the solar industry, the year of 2025 is full of challenges and uncertainties and a period of transition and adjustment. From 2022 to 2024, the global PV installations experienced an explosive growth, driven largely by a significant decline in the installation costs. However, as installation costs stabilise or even bottom out and rebound, the stimulating effect of changes in the cost on the growth in the downstream demand has diminished. Instead, the government renewable energy policies, trade measures and related tax incentive schemes have become increasingly critical for new PV project investments in 2025 and afterwards. Although the market generally expects that the annual installations in 2025 will be similar to or slightly higher than the last year's levels, the quarter-to-quarter or half-year comparisons have revealed considerable volatility due to changes in the government policies.

In China, changes to the renewable energy pricing policies and the full transition to market-based trading have prompted solar farm developers to rush to complete their projects before the new measures take effect. This has resulted in a significant disparity in the installation volume between the first and second halves of 2025. In the United States (“U.S.”), solar installations have been confronted with the higher module prices, tighter supply and increased compliance burdens due to the expanded anti-dumping and countervailing duties (AD/CVD) on the solar products from Southeast Asia, as well as the procurement restrictions driven by the Foreign Entity of Concern (FEOC) rules. These factors have led to project delays and re-tendering and the shift toward the domestic assembly. Consequently, the 2025 installation timeline and project financing arrangements were adversely affected. In the European Union (“EU”) region, the emergency support schemes introduced during the energy crisis (2022-2023) were scaled back in 2025. The phasing out of the subsidies for residential rooftop solar projects has weakened the demand in key markets, such as Austria, Belgium, Czechia, Hungary, Italy and the Netherlands.

In terms of market distribution, the global PV installation landscape continued to diversify in 2025. While China, the EU and the U.S. remained the major markets, emerging regions, such as India, Pakistan, Brazil, Southeast Asia and Africa, grow at a faster pace. The significance of these emerging markets is expected to increase during the coming years.

### China’s PV market: policy-driven transition toward quality development

Despite multiple challenges and a high installation rates in 2024, China’s new PV installations still maintained a year-on-year growth in 2025. According to the statistics released by the National Energy Administration (“NEA”), new PV installed capacity in China reached 317 gigawatts in 2025, representing a year-on-year growth of 14.2%.

In early 2025, China introduced new renewable energy policies centred on deepening the electricity market reforms to accelerate the clean energy transition. Key measures include replacing the fixed subsidies with market-oriented pricing, applying differential settlement to stabilise the investment returns, distinguishing the existing and the new projects and improving grid integration to support the high-quality solar development.

The reform triggered an immediate market reaction. News of the impending changes prompted a rush to complete projects before implementation, pulling future demand forward. This resulted in a sharp market decline thereafter, leaving the second half of the year heavily relying on the large-scale solar power projects in desert areas to sustain the market activity. Official data indicates that the average monthly installed capacity in the second half of 2025 decreased by about 50% compared to the first half of the year. This volatility has intensified product price fluctuations which resulted in production capacity planning more difficult to be implemented. However, amid increasing power curtailment, the market-oriented pricing reform require enterprises to place greater emphasis on cost control and trading strategies, thereby enhancing the power generation efficiency and strengthening the energy storage and the intelligent dispatch capabilities.

In the long run, the reform is expected to enhance industrial efficiency, drive technological advancement, promote sustainable development and steering the solar industry from the “rapid volume growth” to the “high-quality development”. Nonetheless, this development also creates revenue uncertainty and increases the competition pressure.

# Chairman's Statement

## Persistent supply-demand imbalance in the solar market

Another key factor affecting the development of the PV market in China is how to address the imbalance between the supply and demand. It is evident that the industry's efforts to counter involitional vicious competition has significantly intensified in 2025. The anti-involution measures for the solar industry mainly focused on reducing the unplanned capacity expansion, preventing destructive competition and promoting sustainable growth. Authorities tightened the grant of approval for new manufacturing expansion and requiring alignment with realistic demand forecasts. Procurement rules discouraged ultra-low bidding, shifting emphasis toward efficiency, reliability and technological innovation. Additional support was directed to enterprises using high-efficiency modules and next-generation technologies, while industry associations coordinated the pricing benchmarks and quality standards. These policies are aimed to rebalance the sector from quantity-driven growth to quality-driven development, ensuring reasonable margins and encouraging R&D investment. While driving near-term consolidation, these measures are intended to build a more resilient and innovative solar industry for the long term.

The current structural mismatch between the supply and demand has persisted for an extended period. Since 2024, the industry has experienced price wars, patent disputes and self-regulatory initiatives, yet these efforts have had limited effect in consolidating the excess capacity. The sudden surge in demand triggered by the installation rush in the first half of 2025 resulted in a short-term market rebound. It had minimal impact on facilitating the industry consolidation and the survival of the fittest, but instead prolonged the adjustment cycle. The imbalance between the supply and demand remained unchanged in the short term, particularly in the second half of 2025.

## Flexible adjustment of solar glass production capacity and diversification of production base to navigate market volatility

In 2025, the solar glass industry operated against a backdrop of persistent volatility, managing challenges from dramatic supply-demand swings, rising trade protectionism and broader geopolitical and economic uncertainties. The PV installations followed a pronounced first-half peak and second-half decline, with notable month-to-month volatility — especially evident in the Chinese market. This highly volatile market condition created significant capacity planning difficulties for the whole solar value chain, including the solar glass segment.

Solar glass, a critical component in PV modules, sees its demand affected by fluctuations in downstream installations. However, a fundamental tension exists between the changing level of demand and the inherent rigidity of production. Furnaces must operate continuously; shutting them down would result in prolonged suspension of the production lines before restarting, which will involve incurring substantial capital expenditures. Thus, adjusting the production through periodic suspension is not a viable option for addressing the short-term market shifts.

While the solar glass industry experienced a net capacity expansion in the first half of 2025, this was more than offset by reduction in the second half, resulting in an overall annual contraction. This contraction reflects the growing operational pressure that ultimately forced producers to suspend the production activities. Although certain solar module manufacturers accelerated procurement and shipments in the third quarter — driven by the speculation over potential adjustments to China's solar export tax rebate policy — this only resulted in a brief recovery in the solar glass market. As the decline in China's PV installations showed no significant improvement, supply-demand imbalance in the solar glass market intensified. The increasing level of inventories and the downward price pressure further accelerated the challenges, making operating conditions in the fourth quarter increasingly difficult.

Anticipating a slowdown in the downstream demand and heightened market volatility, the Group adopted decisive measures in July 2025 by suspending two solar glass production lines in China, with a total daily melting capacity of 1,800 tonnes. This decision was taken to strategically manage the inventory levels and the operational risks, while supporting industry-wide supply adjustments and alleviating the significant pricing pressure caused by the sharp drop in demand following China's installation rush. In terms of receivable management, the Group prioritised partnerships with financially sound businesses with strong credit records and implemented stricter credit control policies. In addition to reducing costs and improving efficiency, the Group continues to invest in new product and technology research and development, while strengthening the collaboration with customers to enhance technological capabilities and product quality, fostering mutual growth and progress.

To effectively and flexibly mitigate potential risks arising from geopolitical tensions and trade barriers, the Group continues to expand production capacity overseas. The construction of the solar glass production base in Indonesia is in progress as planned. Upon completion, it will further strengthen the geographical diversification of the Group's solar glass production capacity.

### Strategic optimisation of renewable energy investments

The year of 2025 marked a critical turning point for China's renewable energy sector, as the solar power pricing policies shifted from a fixed feed-in tariff regime to a market-oriented framework. A differentiated approach is applied to existing and new projects. For existing projects, the new policies have provided a degree of transitional buffer. The scale of mechanism-based electricity is determined by the local authorities in alignment with current guaranteed electricity policies, while tariffs continue to follow the current rules and remain capped at the local coal-fired benchmark price. This ensures the policy continuity, offering relatively stable returns with limited volatility. For new projects, however, full market-oriented competition is introduced. Tariff ceilings are set below those of the existing projects, the proportion of guaranteed generation is restricted and investment returns are subject to market fluctuations, resulting in a greater volatility. Given the heightened uncertainty in investment returns under this evolving policy environment, the Group suspended the construction of new solar farm projects in 2025. Consequently, no new projects were connected to the grid during the year.

With no new utility-scale projects connected to the grid, the Group's power generation revenue remained largely unchanged in 2025 as compared to the previous year. The Company's non-wholly owned subsidiary, Xinyi Energy Holdings Limited ("**Xinyi Energy**") and its subsidiaries (together the "**Xinyi Energy Group**") accounted for 81.7% of the electricity generation revenue and other wholly-owned subsidiaries of the Company accounted for remaining of 18.3%. Regarding the disposal of the solar farm projects, the Group completed the disposal of three solar farm projects with an aggregate capacity of 230 megawatts ("**MW**") to Xinyi Energy Group in 2025. As part of its portfolio optimisation strategy, Xinyi Energy Group sold a 51% equity stake in its Tianjin solar farm project to an independent third party in 2025. This divestment was executed to unlock capital from existing assets and redeploy it toward future investment opportunities. On the other hand, Xinyi Energy Group has completed the acquisition of a wind farm project with an approved power generation capacity of 64MW prior to the end of 2025.

As of 31 December 2025, the cumulated approved grid-connected capacity of the Group's solar farm projects was 6,245MW, of which 5,841MW was for the utility-scale ground mounted projects, and 404MW was for the distributed generation projects for the Group's own consumption or sale to the grid. In terms of the ownership, the solar farm projects with a capacity of 4,785MW were held through Xinyi Energy; solar farm projects with a capacity of 1,360MW were held through certain wholly-owned subsidiaries of the Company. Solar farm projects with a capacity of 100MW was held by an entity owned as to 50% by the Group.

# Chairman's Statement

## BUSINESS OUTLOOK

Given China's dominant position in the global PV market — accounting for more than 40% or even over 50% of the global annual new installations in the past two years — its development is particularly critical to the overall global PV landscape. Looking ahead to 2026, with China's solar power pricing policy shifting from the previous "guaranteed volume and price" model to "market-oriented pricing", investment in new solar projects is expected to decline significantly compared to the previous years. It is generally expected that China's newly installed PV capacity will likely experience a year-on-year decrease. Although overseas markets are projected to maintain the growth momentum, these markets also have their own uncertainties. In the U.S., the tightening of the solar project approvals, the gradual phase-out of tax incentives and the ongoing policy uncertainties are contributing to a slowdown in new installations. The EU also lacks significant positive factors to reverse its contraction since 2025. Only a handful of countries and regions, notably India and Africa, are expected to have a substantial growth. Against this backdrop, the sustaining annual growth in PV additions presents a critical challenge in 2026, raising the prospect of the first year-on-year decline in the global PV installations in nearly two decades.

While the potential decline in global PV installations in 2026 can be largely attributed to policy shifts in several key countries, the fundamental competitiveness of the solar power, as compared to fossil fuels and other renewable sources, remains undiminished. As long as electricity demand continues to grow, solar energy retains substantial potential for future expansion. According to the International Energy Agency's *Electricity Mid-Year Update 2025*, global power demand is projected to increase by 3.3% in 2025 and 3.7% in 2026. Beyond traditional drivers such as industrial, commercial, and residential consumption, new trends in power usage are rapidly emerging. The widespread adoption of electric vehicles, coupled with surging energy needs from artificial intelligence and data centres, is injecting further momentum into the solar demand growth. With the significant decline in the solar power generation costs, advancements in energy storage technologies and the deployment of smart grids, solar energy's share in the energy mix is expected to continue growing. Solar power is projected to remain the most widely adopted and fastest-growing energy source for the foreseeable future.

Beyond fluctuations in downstream installation demand, the development of the solar glass market also hinges on changes in the industry capacity. Throughout 2025, some new production lines were commissioned while others were suspended. By year-end, the operational capacity saw a slight decrease, as compared to the beginning of the year, though the change remained marginal. In addition, certain of idle capacity — including facilities that have been constructed but not yet activated, as well as those undergoing cold repairs pending restart — remained in place, albeit at a reduced level, as compared to the previous year. Looking ahead to 2026, the first quarter is expected to remain the traditional off-season for solar installations. However, China's cancellation of the value-added tax rebate policy for solar product exports may boost the demand in the short term. In the broader context, though, the slowdown in the downstream demand is becoming increasingly evident, while the supply-side adjustments continue to lag. As a result, restoring supply-demand equilibrium in the solar glass market may prove more challenging in 2026 than it was in 2025.

Amidst an uncertain operating environment and intensifying market competition, the Group will adhere to the principle of prioritising quality, shifting its development focus from pursuing “quantity” to pursuing “excellence”, thereby the Group is expected to be in a better position to meet the diverse needs of customers. While strengthening the cost-reduction and efficiency-enhancement measures, it will continue leveraging its advantages in the production scale, product quality, diversification and technological innovation to respond swiftly to market shifts. The Group will pursue a prudent and pragmatic financial management strategy to appropriately control operational risks.

As of 31 December 2025, the Group’s total operational solar glass melting capacity was 21,400 tonnes per day. Furthermore, the Group maintains certain excess capacity that can be reactivated in response to the changing market conditions. Meanwhile, as part of the first phase of development of the production site in Indonesia, the Group planned to add two new solar glass production lines with an aggregate daily melting capacity of 2,400 tonnes in 2026, with the first line having commenced operation in January and the second line expected to begin production in the second quarter. In addition, the planning for the second phase has started, with the scale of daily melting capacity projected at 2,300 tonnes. The launch of the Indonesian production base will enhance the Group’s ability to mitigate geopolitical risks and navigate trade barriers more effectively. Going forward, the Group will continue to assess opportunities for further expansion in strategic locations and will adjust its production capacity in line with market developments.

With the nationwide implementation of market-oriented reforms to feed-in tariffs, China’s solar power industry has transitioned away from the fixed-price era. Revenue from solar power generation now derives from a hybrid model combining the market-oriented trading and price-difference compensation, rather than relying solely on guaranteed feed-in-tariff regime. This change has resulted in a significantly higher income volatility. Amid the growing investment return uncertainty, the Group’s solar farm development strategy has shifted from “scale expansion” to “refined operations”. This entails more selective in the site and layout planning, reinforced cost control and a focus on the regions with strong electricity demand, high grid absorption capacity and favourable resource conditions — including abundant solar irradiation and lower non-technical costs. In addition, the Group will implement refined management of power marketing and trading strategies across the full project lifecycle, integrating green electricity trading and the use of energy storage systems to enhance revenue levels.

As the new policy has only recently been introduced, the regional bidding results for new PV projects reveal significant disparities, with wide price gaps between high- and low-price areas. These differences reflect provincial variations in solar resources, grid absorption capacity, development costs and policy orientation. In response, the Group will adopt a more cautious development strategy with the target in 2026 for the new grid-connected capacity expected to continue to be at a low level as compared to the historical average of approximately 500MW per year over the past five years.

## Chairman's Statement

Currently, the solar supply chain remains in an adjustment phase of over-capacity. While short-term challenges are unavoidable, the long-term fundamentals remain solid. Under the global carbon neutrality agenda, demand for solar energy will continue to expand. Technological innovation will drive cost reductions and efficiency gains, while policy guidance will support capacity rationalisation. Altogether, these forces will steer the industry from “involution” toward “high-quality development”, fostering a more efficient and sustainable industrial ecosystem.

To navigate this transition and reinforce its market leadership, the Group will rigorously execute its three-pillar strategy — operational excellence, prudent financial management and technological leadership. It will strive to enhance the sustainability and resilience of its two core businesses (solar glass and renewable energy) and pursue new growth opportunities, thereby delivering greater long-term economic value to shareholders.

**Dr. LEE Yin Yee, S.B.S.**

*Chairman*

Hong Kong, 27 February 2026

# Management Discussion and Analysis

## FINANCIAL REVIEW

In 2025, the solar glass industry continued to face a difficult operating environment, marked not only by the slowdown in the growth rate of the global PV installation but also by sharp and unpredictable swings in demand that made capacity planning highly challenging. Product prices, despite occasional rebounds, remained depressed throughout the year and even fell to a historic low in the third quarter. Against this backdrop, the Group's solar glass segment inevitably came under pressure. Although sales volume recorded an increase, the uplift was insufficient to offset the impact of falling prices, leading to a slight year-on-year decline in revenue. Gross margin showed some improvement, yet the overall net profit performance was constrained by impairment provisions on solar glass and polysilicon manufacturing facilities. Despite the absence of new grid-connected projects, increase in market-based electricity sales, and the impact of curtailment, the Group's renewable energy segment maintained relatively stable revenue, while gross profit showed a slight decline.

### Revenue

Revenue for the FY2025 was mainly derived from two core business segments, namely, the sales of solar glass and the renewable energy business.

#### Revenue – By Product

	Year Ended 31 December				Increase/(Decrease)	
	2025		2024		RMB million	%
	<i>RMB million</i>	<i>% of revenue</i>	<i>RMB million</i>	<i>% of revenue</i>		
Sales of solar glass	17,831.8	85.5	18,820.0	85.9	(988.2)	(5.3)
Renewable energy business	2,993.5	14.3	3,017.3	13.8	(23.8)	(0.8)
Unallocated	35.9	0.2	84.1	0.4	(48.2)	(57.3)
Total external revenue*	20,861.2	100.0	21,921.4	100.0	(1,060.2)	(4.8)

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

# Management Discussion and Analysis

## Solar Glass Revenue – By Geographical Area

	Year Ended 31 December				Increase/(Decrease)	
	2025		2024			
	<i>RMB million</i>	<i>% of revenue</i>	<i>RMB million</i>	<i>% of revenue</i>	<i>RMB million</i>	<i>%</i>
Mainland China	11,858.2	66.5	14,428.4	76.7	(2,570.2)	(17.8)
Other areas in Asia	4,110.1	23.0	3,287.7	17.5	822.4	25.0
North America and Europe	1,496.0	8.4	660.7	3.5	835.3	126.4
Others	367.5	2.1	443.2	2.4	(75.7)	(17.1)
<b>Total solar glass revenue*</b>	<b>17,831.8</b>	<b>100.0</b>	<b>18,820.0</b>	<b>100.0</b>	<b>(988.2)</b>	<b>(5.3)</b>

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

For the FY2025, the Group's revenue from sales of solar glass decreased by 5.3% year-on-year to RMB17,831.8 million. The decline was primarily attributable to a drop in the ASP, partly offset by increased sales volume.

During 2025, global PV installation growth slowed, with supply-demand imbalances persisting across the entire PV value chain. In China, demand plummeted in the second half of the year following a peak in installations driven by renewable energy feed-in tariff reforms. Against this backdrop, the Group adopted a prudent business strategy and strengthened risk management. Based on the Group's operating capacity, the average daily melting volume of solar glass was 23,200 tonnes in the first half of 2025, declining to 21,400 tonnes in the second half. Despite the production decline, reduced inventory enabled the Group to achieve a 4.2% increase in annual sales volume (measured in tonnes).

In 2025, the Group's overseas sales of solar glass recorded a year-on-year increase of 36.0% and the proportion of overseas sales rose from 23.3% in 2024 to 33.5% in 2025. This growth was primarily driven by rising demand in the U.S. and India, following the commissioning of new solar module capacity in these markets. Overseas-produced solar glass typically commands a price premium due to limited local supply, trade tariffs, and logistical advantages. The Group's ongoing overseas capacity expansion — including operational facilities in Malaysia and a new production base under construction in Indonesia — is strategically positioned to enhance its competitiveness abroad and navigate growing trade barriers.

Except for a few months, solar glass product prices remained largely depressed throughout 2025. In China, a surge in installations between March and May, driven by the reforms to renewable energy feed-in tariff policies, provided some support for a brief price rebound. However, following this rally, prices fell to historic lows in July. In August and September, rumors about changes in the export tax rebate policies prompted some solar module manufacturers to place orders in advance, but this provided only temporary support for solar glass prices. By the year-end, prices had retreated back to their previous lows.

For the FY2025, the Group's revenue from power generation in the renewable energy segment was primarily attributable to solar farms located in China, as set forth below:

	Approved grid-connected capacity		
	As of	As of	As of
	31 December	30 June	31 December
	2025	2025	2024
	<i>MW</i>	<i>MW</i>	<i>MW</i>
<hr/>			
Utility-scale ground-mounted solar farms			
Anhui	2,037	2,037	2,037
Hubei	980	980	980
Guangdong	750	750	750
Yunnan	560	560	560
Guangxi	500	500	500
Others (Tianjin, Henan, Hebei, etc.)	914	914	914
	<hr/>	<hr/>	<hr/>
Sub-total	5,741	5,741	5,741
Commercial distributed generation projects	80	80	78
	<hr/>	<hr/>	<hr/>
Total	5,821	5,821	5,819
	<hr/>	<hr/>	<hr/>
Utility-scale ground-mounted solar farms			
Total number of solar farms	61	61	61
Weighted average feed-in-tariff ("FIT") * (RMB/kWh)	0.57	0.57	0.57

\* The weighted average FIT rate is proportionally weighted according to the base FIT (after taking into account the possible deduction of tariff adjustment on solar farm projects not included in the first qualified project list published on 28 October 2022) and the approved grid-connection capacity of each solar farm, and is provided for information purposes only. The actual electricity prices for certain solar farms were determined through market-based trading mechanisms. As the electricity market reforms advance and market-oriented policies are implemented across provinces, the actual electricity sales price may diverge from the above base FIT.

# Management Discussion and Analysis

Revenue from the renewable energy segment remained relatively stable, amounting to RMB2,993.5 million in 2025 (2024: RMB3,017.3 million). In view of the increased uncertainties regarding project investment returns, the Group adopted a more prudent approach to the development and construction of new solar farm projects, with no additional solar farms connected to the grid in 2025. Furthermore, the increase in power curtailments in certain regions has also contributed to the slight drop in power generation revenue.

The majority of provincial policies on renewable energy feed-in tariff reforms had been announced in the second half of 2025, but 2025 served merely as a transitional period for the reforms, with the substantive impacts expected to emerge starting in 2026. Actually, the new policy framework has provided certain buffers for the existing projects, including (i) projects entitled to government subsidies continue to receive subsidies in accordance with the original standards within the reasonable utilisation hours over their full lifecycle and (ii) existing projects may, on an annual basis, determine a portion of their output to be sold at a fixed “mechanism tariff” (not exceeding the benchmark coal-fired tariff), with the remaining output subject to market-based trading. To address the challenges and seize the opportunities arising from market-oriented reforms, the Group has established a dedicated professional team to study and analyse changes in the electricity market, sales strategies, and project returns, with the aim of identifying high-quality projects and enhancing the profitability of existing projects.

Similar to other solar and wind farm operators in the PRC, the Group has experienced delays in receiving government subsidies related to the electricity generation of its subsidised solar farm and wind farm projects<sup>#</sup>. As of 31 December 2025, the Group’s outstanding tariff adjustment (subsidy) receivable amounted to RMB4,751.2 million. Receivables from sales of electricity are generally settled on a monthly basis by state grid companies, while tariff adjustment (subsidy) receivables are settled in accordance with prevailing government policies.

<sup>#</sup> The wind farm project, with an approved generation capacity of 64MW, was acquired by the Group’s subsidiary, Xinyi Energy, before the end of 2025.

## Gross profit

The Group’s gross profit rose by RMB595.0 million, representing an increase of 15.4%, from RMB3,866.0 million in 2024 to RMB4,461.0 million in 2025. Overall gross profit margin rose from 17.6% in 2024 to 21.4% in 2025, primarily driven by the improved margins in the solar glass business.

In 2025, the gross profit margin of the solar glass business expanded by 4.4 percentage points to 14.1% (2024: 9.7%). This improvement was mainly attributable to (i) reduced procurement costs for certain raw materials and energy, particularly soda ash, silica sand, and natural gas; (ii) technological advancements that enhanced product yield rate and reduced energy consumption per unit; and (iii) stricter cost controls and streamlined production processes. These positive factors were partially offset by (i) a year-on-year decline in ASP and (ii) the absorption of fixed costs, including depreciation and maintenance, associated with certain idled production facilities.

For the Group’s renewable energy business, gross profit contribution decreased slightly by 4.6% to RMB1,938.4 million in 2025 (2024: RMB2,031.0 million). The segment’s gross profit margin decreased to 64.8% in 2025 (2024: 67.3%), primarily due to (i) reduced revenue contributions from solar farm projects in certain regions due to grid curtailment measures and (ii) increased depreciation and component expenses.

## Other income

During the year, the Group's other income increased by RMB40.4 million to RMB314.3 million, as compared to the RMB273.9 million recorded in 2024. The increase was mainly due to the increase in government grant income, insurance compensation, and rental and other miscellaneous income, partially offset by a decrease in scrap sales.

## Other gains/(losses) — net

The Group recorded other gains – net of RMB131.7 million in 2025, compared to other losses – net of RMB258.4 million in 2024. The major changes comprised (i) a gain on the disposal of a 51% equity interest in a subsidiary (see note 32 to the consolidated financial statements for more details); and (ii) a reduction in net foreign exchange losses, from RMB213.0 million in 2024 to RMB15.2 million in 2025.

## Selling and marketing expenses

Despite solar glass sales volume recorded a slight increase, the Group's selling and marketing expenses declined as a result of cost-saving measures, decreasing from RMB127.0 million in 2024 to RMB111.7 million in 2025. Selling and marketing expenses as a percentage of solar glass revenue remained relatively stable, at 0.6% in 2025 compared to 0.7% in 2024.

## Administrative and other operating expenses

Administrative and other operating expenses decreased by RMB20.3 million, or 2.0%, from RMB1,019.3 million in 2024 to RMB999.0 million in 2025. The decrease was primarily attributable to cost-control measures and the slower pace of business expansion, which led to a reduction in headcount and corresponding office expenditures. The primary changes comprised (i) a reduction in research and development expenses of RMB39.9 million and (ii) a decrease in miscellaneous administrative expenses of RMB33.3 million, partially offset by increases in property tax, stamp duty and administrative surcharge of RMB51.9 million.

## Impairment losses on property, plant and equipment

In response to supply–demand imbalances and in line with its prudent operating strategy, the Group suspended part of its solar glass production capacity and did not commence the polysilicon manufacturing during the year. Based on the latest market conditions and industry dynamics, and in conjunction with internal analysis, prevailing market data and external assessment results, impairment provisions were recognised for solar glass production lines and polysilicon manufacturing facilities, amounting to RMB724.7 million and RMB1,596.8 million, respectively.

# Management Discussion and Analysis

## *Solar glass production lines*

The circumstances leading to the impairment on solar glass production lines primarily stem from the persistent supply-demand imbalance in the solar glass market since the second half of 2024. In light of the market condition, the Group had to reduce part of its production capacity to appropriately manage operational risks, including excessively high inventory levels and increased risks associated with the collection of accounts receivable. To this end, the Group has reduced its operational capacity by suspending certain solar glass production lines, with total daily melting capacity decreasing from 27,000 tonnes as of 30 June 2024 to 23,200 tonnes by the end of 2024, and further to 21,400 tonnes by the end of 2025.

The Group has conducted periodic reviews of these production facilities that remain on standby or idle to assess the feasibility of resuming operations, potential retrofitting, relocation, or alternative uses, thereby determining whether they are no longer suitable for production. Equipment that can no longer be used for production would be scrapped or sold, and an impairment test would be conducted to determine whether an impairment provision needs to be recognised. The impairment provision, amounting to RMB724.7 million is determined based on the difference between the asset's carrying amount and its recoverable amount. The recoverable amount is derived by reference to quotes from independent third parties or the historical sales prices of comparable assets.

## *Polysilicon manufacturing facilities*

The Group's polysilicon production facilities are located in Yunnan Province, the PRC, with an annual production capacity of 60,000 tonnes. As of 31 December 2025, the construction of these facilities was substantially completed, though certain testing and acceptance procedures remain outstanding. There are currently no plans to commence production.

Production capacity of the polysilicon industry has increased significantly over the past few years, with the rise in supply far outpacing the growth in demand. This has led to a sharp decline in product prices since mid-2023, which have since remained at low levels, causing many manufacturers in the industry to operate at a loss. To promote the healthy development of the industry and curb excessive competition, various "anti-involution" measures were introduced and implemented in 2024 and 2025 with the encouragement and support of relevant regulatory authorities and industry association. These measures include initiatives for capacity consolidation and the orderly phasing out of outdated capacity ("**Capacity Consolidation**"). If successfully implemented, these measures would help accelerate the restoration of market supply-demand balance and contribute to the industry's long-term healthy development.

The impairment of the Group's polysilicon manufacturing facilities is primarily attributable to the increased uncertainties at the end of 2025 regarding the progress of the Capacity Consolidation initiatives. As a result, improvements in market supply-demand conditions may be delayed, requiring a longer period to achieve balance, with product prices potentially remaining at low levels for an extended time. In view of these circumstances, the Group carried out internal analyses and engaged an independent valuer to perform a valuation, which provided the foundation for the impairment testing of the relevant assets.

Based on the valuation result, the estimated value in use of the facilities was RMB2,673.0 million. The impairment provision, amounting to RMB1,596.8 million, was determined as the difference between the carrying amount of the assets (RMB4,269.8 million) and their recoverable amount (i.e., the value in use). The key assumptions and basis adopted in the valuation are disclosed in note 39 to the consolidated financial statements.

## Finance costs

Finance costs decreased from RMB432.1 million (or RMB507.6 million before capitalisation) in 2024 to RMB339.7 million (or RMB395.7 million before capitalisation) in 2025. The decline was mainly due to the decrease in interest rates, partially offset by the increase in average bank borrowings. To benefit from lower interest rates on Renminbi borrowings compared to US dollar borrowings, the Group converted the majority of its bank borrowings into RMB-denominated loans during the year. Consequently, the Group's weighted average bank borrowing rate declined compared with previous years.

During the year, interest expense of RMB56.0 million (2024: RMB75.5 million) was capitalised in the cost of solar glass, solar farms and polysilicon production facilities under construction. These capitalised amounts will depreciate together with the related assets over their estimated useful lives.

## Share of results of investments accounted for using the equity method

In 2025, the Group's share of results of investments accounted for using the equity method was RMB14.4 million (2024: RMB17.4 million). The profit contribution from these investments was mainly derived from a 100MW solar farm project in Anhui Province, China, in which the Group has a 50% equity stake.

## Income tax expense

Income tax expense decreased from RMB526.2 million in 2024 to RMB492.3 million in 2025. The decrease was primarily attributable to (i) lower withholding tax expenses arising from dividend distributions by subsidiaries in the PRC and (ii) increase in deferred tax credits. This was partially offset by (i) higher tax expenses resulting from increased profit contributions of the solar glass business compared to the prior year and (ii) tax incurred on the gain from the disposal of a 51% equity interest in a subsidiary.

The Group's overall effective tax rate increased from 27.2% in 2024 to 42.7% in 2025, reflecting the impact of certain impairment provisions for property, plant and equipment that are not deductible for tax purposes or do not result in the recognition of deferred tax assets.

## EBITDA and net profit

In 2025, the Group's EBITDA (earnings before interest, taxation, depreciation and amortisation) amounted to RMB3,665.1 million, representing a decrease of 16.6%, as compared to RMB4,392.8 million in 2024. The EBITDA margin (calculated on the basis of total revenue for the year) was 17.6% in 2025, compared to 20.0% in 2024.

Net profit attributable to equity holders of the Company in 2025 was RMB844.5 million, representing a decrease of 16.2% compared to RMB1,008.2 million in 2024. Net profit margin attributable to equity holders of the Company decreased to 4.0% in 2025 from 4.6% in 2024, mainly due to impairment provision for polysilicon manufacturing facilities and idled solar glass production lines, partially offset by (i) the improvement in profit margin of solar glass business; (ii) gains on disposal of subsidiaries; and (iii) reduction in finance costs and administrative and other operating expenses.

# Management Discussion and Analysis

## Financial resources and liquidity

For the FY2025, the Group's total assets remained stable at RMB56,916.1 million, while shareholders' equity rose 2.7% to RMB29,831.8 million. The Group's current ratio as of 31 December 2025 was 1.53 compared to 1.14 as of 31 December 2024. The improvement in the current ratio was primarily attributable to the Group's adoption of a more prudent financial management strategy, which strengthened financial resilience and enhanced its ability to mitigate potential impacts from cyclical market fluctuations.

For the FY2025, the Group primarily financed its operations through internally generated cash flows, bank borrowings and bond financing. Net cash generated from operating activities amounted to RMB5,656.2 million (2024: RMB1,235.1 million). The increase in net cash inflow was primarily attributable to improved profitability, reduced inventory levels and the release of working capital resulting from a slower pace of expansion. Net cash used in investing activities amounted to RMB1,749.3 million (2024: RMB3,769.2 million). The year-on-year decrease was primarily due to a reduction in capital expenditures, reflecting a slowdown in the Group's capacity expansion pace. Net cash generated from financing activities amounted to RMB260.8 million (2024: RMB773.0 million). During the year, the Group secured new bank borrowings of RMB7,567.8 million, repaid bank borrowings of RMB7,891.2 million, and issued 3-year fixed-rate bonds amounting to RMB800 million.

As of 31 December 2025, the Group's net debt gearing ratio (calculated as total borrowings less cash and bank balances divided by total equity) was 20.1% (2024: 31.0%). The change in the Group's gearing ratio was mainly due to the increase in cash and bank balances.

## CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of RMB2,531.5 million for the FY2025 which was primarily used in the expansion and upgrade of solar glass production capacity, the development of new solar farm projects and the balance payment for the polysilicon manufacturing facility. Capital commitments contracted for but not incurred by the Group as of 31 December 2025 amounted to RMB715.0 million, which were mainly related to the addition/upgrade of solar glass production facilities and development and construction of the solar farm projects.

## PLEDGE OF ASSETS

As of 31 December 2025, bills receivables of RMB82.6 million (2024: RMB82.2 million) was pledged as collaterals for obtaining letter of credit facilities in the PRC. Bills receivables of nil (2024: RMB2.8 million) was pledged as collaterals for obtaining bank acceptance bill. Bills receivables of RMB363.8 million (2024: RMB967.9 million) was transferred to banks for obtaining bank borrowings.

## CONTINGENT LIABILITIES

As of 31 December 2025, the Group did not have any significant contingent liabilities.

## MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in notes 15, 17, 32 and 37 to the consolidated financial statements, there was no material acquisition and disposal of subsidiaries and associated companies during the FY2025.

## EVENTS AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 31 December 2025 and up to the date of this annual report.

## TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN FOREIGN EXCHANGE RATES

The Group's consolidated financial statements are presented in RMB, which is also the functional currency of its principal subsidiaries, whereas the Company's functional currency is HKD. As the majority of the Group's business transactions are denominated in RMB and most of its assets are located in the PRC, the Group is not materially exposed to foreign exchange risk as a whole on a group basis.

Within the Group's solar glass segment, certain subsidiary revenues and operating expenses are denominated in foreign currencies such as the USD, Malaysian Ringgit and Indonesian Rupiah, resulting in foreign exchange rate exposure. Currency fluctuations during financial statement translation or the repatriation of earnings, equity investments, or loans may affect the Group's financial performance.

For the Group's renewable energy business, nearly all revenue is denominated in RMB. Foreign exchange risk has been substantially reduced as nearly all HKD-denominated bank borrowings were converted into RMB borrowings, thereby eliminating most currency mismatch concerns.

The Group manages currency exposure primarily through natural hedging and does not engage in speculative foreign exchange activities. Hedging decisions are periodically reviewed in light of exposure levels and anticipated exchange rate movements. The Group has not experienced any significant difficulties or liquidity issues arising from currency exchange fluctuations. For the FY2025, no financial hedging instruments were employed, other than a cross-currency swap used to convert a foreign-currency bank loan into RMB-denominated debt.

## EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2025, the Group had about 7,712 full-time employees, with 6,306 based in Mainland China and 1,406 in other territories. The total staff costs, including the emoluments of the Directors, amounted to RMB1,136.0 million for the FY2025.

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

# Profile of Directors and Senior Management

## CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dr. LEE Yin Yee, S.B.S. (李賢義), aged 73, is a non-executive Director and the Chairman and is responsible for the formulation of the Group's overall business strategy. Dr. LEE Yin Yee, S.B.S. joined the Group in July 2006. Dr. LEE Yin Yee, S.B.S. was the executive Director and re-designated as non-executive Director on 31 July 2023. Dr. LEE Yin Yee, S.B.S. has 37 years experience in the glass industry. Dr. LEE Yin Yee, S.B.S. is the founder of Xinyi Glass Holdings Limited ("Xinyi Glass") (stock code: 00868), a company listed on the main board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange" or "Stock Exchange"), and its subsidiaries ("Xinyi Glass Group") and is currently an executive director and the chairman of Xinyi Glass. Prior to establishing the Xinyi Glass Group, Dr. LEE Yin Yee, S.B.S. engaged in the trading of automobile parts. Dr. LEE Yin Yee, S.B.S. obtained an honourable doctorate degree in engineering from the Universiti Teknikal Malaysia Melaka in November 2018. Dr. LEE Yin Yee, S.B.S. is a committee member of the 10th-13th Chinese People's Political Consultative Conference and an honorary citizen of Shenzhen in the PRC. Dr. LEE Yin Yee, S.B.S. was appointed in December 2003 as the first chairman of Fujian Chamber of Commerce in Shenzhen (formerly known as "Shenzhen Fujian Corporate Association"). Dr. LEE Yin Yee, S.B.S. is also the Life Honorary Chairman of the Hong Kong Quanzhou Clans United Association and the Fukienese Association Limited in Hong Kong. Dr. LEE Yin Yee, S.B.S. is the brother-in-law of Tan Sri Datuk TUNG Ching Sai *P.S.M., D.M.S.M., J.P.*, a non-executive Director, and an uncle of Mr. LEE Yau Ching, an executive Director. Dr. LEE Yin Yee, S.B.S. is the father of Mr. LEE Shing Put, B.B.S., an executive Director, Vice Chairman and Chief Executive Officer. Dr. LEE Yin Yee, S.B.S. was the chairman and non-executive director of Xinyi Energy Holdings Limited ("Xinyi Energy") (stock code: 03868), a company listed on the main board of the Hong Kong Stock Exchange, from May 2018 to August 2020.

## EXECUTIVE DIRECTOR

Mr. LEE Shing Put, B.B.S. (李聖潑), aged 48, is an executive Director, Vice Chairman and the Chief Executive Officer. Mr. LEE Shing Put, B.B.S. joined the Company in September 2013 and was appointed as a non-executive Director on 20 September 2013 to 30 July 2023. He was re-designated as an executive Director and Vice Chairman on 31 July 2023. He has been the Chief Executive Officer of the Company since April 2024. Prior to joining us, Mr. LEE Shing Put, B.B.S. had been engaged in information technology and investment businesses since 2001. Mr. LEE Shing Put, B.B.S. graduated from the Hong Kong University of Science and Technology in 2000 with a bachelor degree in business administration majoring in finance and economics; and graduated from the Peking University in 2016 with a master degree in business administration. Mr. LEE Shing Put, B.B.S. is Honorary Fellow of The Hong Kong University of Science and Technology. Mr. LEE Shing Put, B.B.S. was the executive director of Xinyi Glass from June 2004 to October 2008. Mr. LEE Shing Put, B.B.S. is currently a member of the 13th Guangdong Provincial Standing Committee of the Chinese People's Political Consultative Conference and the Hong Kong Deputy to the 14th National People's Congress. Mr. LEE Shing Put, B.B.S. is an executive director and chairman of Xinyi Energy (stock code: 03868), a company listed on the main board of the Hong Kong Stock Exchange. Mr. LEE Shing Put, B.B.S. is the son of Dr. LEE Yin Yee, S.B.S. the Chairman and a non-executive Director, a cousin of Mr. LEE Yau Ching, an executive Director, and a nephew of Tan Sri Datuk TUNG Ching Sai *J.P.*, the Vice Chairman and a non-executive Director.

**Mr. LEE Yau Ching (李友情)**, aged 50, is an executive Director. Mr. LEE Yau Ching is responsible for shaping the corporate strategy and assisting in the management of the Group. Upon graduating from The Hong Kong University of Science and Technology in 1999 with a bachelor's degree in business administration majoring in finance, Mr. LEE Yau Ching joined the Xinyi Glass Group in June 1999. From June 1999 until February 2004, Mr. LEE Yau Ching worked in various functions within Xinyi Glass Group, including overseas sales, finance, production and sales of architectural glass and production and sales of automobile OEM glass. From February 2004 to January 2006, Mr. LEE Yau Ching was the chief marketing officer of Xinyi Glass Group responsible for planning the overall marketing strategy and overseeing the marketing department. From February 2006 to February 2011, Mr. LEE Yau Ching was the chief operations officer of Xinyi Glass Group. Mr. LEE Yau Ching has since 2004 been an executive director of Xinyi Glass until the listing of the Company's shares on the Hong Kong Stock Exchange on 12 December 2013. Mr. LEE Yau Ching started to involve in our business in mid-2006 and had been the Chief Executive Officer overseeing our business from November 2010 to March 2024. Mr. LEE Yau Ching was awarded the "Young Industrialist Awards of Hong Kong 2014". Mr. LEE Yau Ching is a nephew of Dr. LEE Yin Yee, S.B.S., the Chairman and a non-executive Director, and a cousin of Mr. LEE Shing Put, B.B.S., an executive Director, Vice Chairman and Chief Executive Officer. Mr. LEE Yau Ching is the son of Mr. LEE Sing Din, one of the controlling shareholders of Xinyi Glass, Xinyi Solar and Xinyi Energy. Mr. LEE Yau Ching is an executive director of Xinyi Energy (stock code: 03868), a company listed on the main board of the Hong Kong Stock Exchange.

**Mr. LI Man Yin (李文演)**, aged 71, is an executive Director and is responsible for overseeing the purchase and procurement functions of the business since December 2011. Mr. LI Man Yin was appointed as an executive Director on 20 September 2013. Mr. LI Man Yin has been an executive director of Xinyi Glass since June 2004 until the listing of the Company's shares on the Hong Kong Stock Exchange on 12 December 2013.

**Mr. CHU Charn Fai (朱燦輝)**, aged 56, is an executive Director, Financial Controller and Company Secretary of the Group. Mr. CHU joined the Group in April 2011. Prior to joining the Group, Mr. CHU was the financial controller of Minmetals Resources Limited (currently known as MMG Limited) (stock code: 01208), a company listed on the main board of the Hong Kong Stock Exchange, from August 2002 to August 2010. Mr. CHU started working with Minmetals Resources Limited in February 1998 and held various positions in the finance department during the period up to July 2002 and before which, Mr. CHU worked in an international accounting firm for around four years. Mr. CHU received a master's degree in corporate finance from The Hong Kong Polytechnic University in 2006. Mr. CHU is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. CHU was appointed as Company Secretary of Xinyi Energy (stock code: 03868), a company listed on the main board of the Hong Kong Stock Exchange, since July 2024.

# Profile of Directors and Senior Management

## NON-EXECUTIVE DIRECTOR

**Tan Sri Datuk TUNG Ching Sai** *P.S.M, D.M.S.M, J.P.* (董清世), aged 60, is a non-executive Director and the Vice Chairman and is responsible for the formulation of the Group's overall business strategy and overseeing the implementation of the business strategies. Tan Sri Datuk TUNG Ching Sai *J.P.* joined the Group in July 2006. Tan Sri Datuk TUNG Ching Sai *J.P.* has been working in Xinyi Glass Group for 37 years since its inception and is currently an executive director and the chief executive officer of Xinyi Glass. Tan Sri Datuk TUNG Ching Sai *J.P.* is a member of The National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議全國委員會成員), a standing committee member of the Guangxi Zhuang Autonomous Regional Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議廣西壯族自治區委員會常委), vice chairman of the China Architectural and Industrial Glass Association (中國建築玻璃與工業玻璃協會), a member of the executive committee of the All-China Federation of Industry and Commerce (全國工商聯執行委員會委員), chairman of the Happy Hong Kong Foundation, and the president of Hong Kong Industrial & Commercial Association. Tan Sri Datuk TUNG Ching Sai *J.P.* obtained the Third Shenzhen Municipal Ten Outstanding Young Entrepreneurs award in September 2001 and was awarded the "Young Industrialist Awards of Hong Kong 2006". Tan Sri Datuk TUNG Ching Sai *J.P.* graduated from the Sun Yat-Sen University with a senior executive master degree in business administration in 2007. Tan Sri Datuk TUNG Ching Sai *J.P.* is the brother-in-law of Dr. LEE Yin Yee, S.B.S., the Chairman and a non-executive Director, and uncle of Mr. LEE Shing Put, B.B.S., an executive Director, Vice Chairman and Chief Executive Officer. Tan Sri Datuk TUNG Ching Sai *J.P.* is the chairman and non-executive director of Xinyi Electric Storage Holdings Limited (stock code: 08328), a company listed on the GEM of the Hong Kong Stock Exchange and an executive director and vice chairman of Xinyi Energy (stock code: 03868), a company listed on the main board of the Hong Kong Stock Exchange.

## INDEPENDENT NON-EXECUTIVE DIRECTOR

**Mr. LO Wan Sing, Vincent** (盧溫勝), aged 78, is a member of the National Committee of the 10th, 11th and 12th Chinese People's Political Consultative Conference, with a Silver Bauhinia Star (S.B.S.) awarded in July 2017 by the government of Hong Kong Special Administrative Region. Mr. LO serves as an independent non-executive director of Ever Harvest Group Holdings Limited (stock code: 01549) which listed on the main board of the Hong Kong Stock Exchange.

**Mr. KAN E-ting, Martin** (簡亦靈), aged 43, graduated from the University of Sydney with a bachelor's degree in engineering majoring in software engineering in 2005 and a bachelor's degree in laws in 2007. Mr. KAN joined Mallesons Stephen Jaques (now known as King & Wood Mallesons) in August 2008 as a trainee solicitor and left the firm as a solicitor in corporate finance and capital markets practice in February 2013. Mr. KAN was admitted as a lawyer of the Supreme Court of New South Wales, Australia, in July 2008. Mr. KAN was admitted as a solicitor of the High Court of Hong Kong in April 2011. From April 2013 to December 2016, he was the deputy general manager and general manager of Ming Hong Technology (Shenzhen) Limited and Shenzhen Ming Hong Technology Limited respectively, which are primarily engaged in the business relating to the design and production of consumer electronics products.

**Ms. LEONG Chong Peng (梁仲萍)**, aged 52, holds a bachelor's degree in commerce from Curtin University and is an associate member of the Hong Kong Institute of Certified Public Accountant, a Fellow Certified Practising Accountant ("FCPA") of Australia and a Registered Company Auditor in Australia. Ms. LEONG is experienced in auditing, accounting, corporate governance, risk management and corporate compliance and has been involved in initial public offering transactions for companies in Hong Kong and Australia.

Ms. LEONG currently is practising as a FCPA and a Registered Company Auditor in Australia. Ms. LEONG was an executive director in Pitcher Partners Perth (Baker Tilly International Affiliates) from 2011 to 2015, director in Monash Group (merged with Pitcher Partners Perth in 2011) from 2006 to 2011 and had previously worked with Ernst & Young in Hong Kong, Shanghai and Perth. Ms. LEONG has extensive audit experience during the past 28 years. Ms. LEONG has participated in the audit engagements for multinationals and listed companies in Hong Kong, China and Australia.

## SENIOR MANAGEMENT

**Mr. LIU Xiao Rong (劉笑榮)**, aged 46, is the Vice President of the Group, responsible for overseeing the Group's ultra-clear photovoltaic glass business. Mr. LIU obtained a bachelor's degree in inorganic non-metal materials from Northwest Institute of Light Industry\* (西北輕工業學院) (now known as Shanxi University of Science & Technology (陝西科技大學)) in July 2002. Mr. LIU joined Xinyi Glass Group in July 2007 as a raw material engineer of our solar glass business. From February to June 2009, Mr. LIU was transferred to the group management office of Xinyi Glass as an assistant of the chief executive officer, focusing on the development of our solar glass business. Since October 2008, Mr. LIU has been working for the Group and worked as vice general manager of production from October 2010 to December 2013. In December 2013, Mr. LIU was appointed as general manager of the Group's ultra-clear photovoltaic glass business.

**Mr. LI Bin Wei (李斌偉)**, aged 43, is the Vice General Manager of the Group, responsible for overseeing the Group's solar farm development and construction business. Mr. LI studied Non-metallic Materials Science at Xiamen University (廈門大學) from 2001 to 2004. Mr. LI joined the Xinyi Glass Group in February 2005 and worked in various departments such as sales, procurement, etc. Mr. LI joined Xinyi Solar in 2010 and was responsible for the procurement function of Wuhu production complex. Since 2016, Mr. LI was responsible for the procurement function of solar farm development and construction system. Starting in 2020, in addition to the procurement function, Mr. LI was also responsible for the technical and other management functions of solar farm development and construction system.

\* For identification purpose only.

# Corporate Governance Report

The Board recognises the importance of good corporate governance in the management structure and internal control procedures of the Group for the purpose of ensuring that all business activities of the Group and the decision-making process are properly regulated and are in full compliance with the applicable laws and regulations. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the “CG Code”) set forth in Appendix C1 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year of 2025.

In the opinion of the Board, the Company has complied with the applicable principles and code provisions of the CG Code for the FY2025 except for the deviation from code provision C.2.1.

The Board is collectively responsible for the long-term success of the Company. Its key responsibilities include providing leadership and supervision to the management with a view to protecting the Shareholders’ interests and enhancing Company’s long-term value.

The Board has established the Group’s purpose, values and strategies and was satisfied that they are aligned with the Group’s culture. All Directors must act with integrity, lead by example, and promote the desired culture. The Board should instil and continually reinforce across the Company’s values of “acting lawfully, ethically and responsibly”.

During the FY2025, the Board closely monitored the implementation of corporate governance practice, risk management and internal control systems to ensure the corporate value and the Company’s culture are aligned.

## BOARD OF DIRECTORS

One of the responsibilities of the Board is to prevent fraud and non-compliance issues, safeguard the assets of the Group and formulate the overall business strategies for the Group. The Board currently comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. The biographical information of the Directors are set forth on pages 20 to 23 of this annual report.

The four executive Directors are Mr. LEE Shing Put, B.B.S., Mr. LEE Yau Ching, Mr. LI Man Yin, and Mr. CHU Charn Fai. Mr. LEE Shing Put, B.B.S. is the son of Dr. LEE Yin Yee, S.B.S., a cousin of Mr. LEE Yau Ching and a nephew of Tan Sri Datuk TUNG Ching Sai J.P., Mr. LEE Yau Ching is a nephew of Dr. LEE Yin Yee, S.B.S. and a cousin of Mr. LEE Shing Put, B.B.S..

The two non-executive Directors are Dr. LEE Yin Yee, S.B.S. and Tan Sri Datuk TUNG Ching Sai J.P.. Dr. LEE Yin Yee, S.B.S. is the father of Mr. LEE Shing Put, B.B.S., the brother-in-law of Tan Sri Datuk TUNG Ching Sai J.P., and an uncle of Mr. LEE Yau Ching. Tan Sri Datuk TUNG Ching Sai J.P. is the brother-in-law of Dr. LEE Yin Yee, S.B.S. and uncle of Mr. LEE Shing Put, B.B.S..

The three independent non-executive Directors are Mr. LO Wan Sing, Vincent, Mr. KAN E-ting, Martin and Ms. LEONG Chong Peng.

Save as disclosed above, there is no relationship (including financial, business, family or other material/relevant relationship(s)) among the members of the Board.

The Company has complied with Rules 3.10 and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, one independent non-executive director of which has the appropriate professional qualifications or accounting or related financial management expertise and the independent non-executive directors represent at least one-third of the Board.

The articles of association (the “**Articles**”) of the Company provide that at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall subject to retirement by rotation at least once every three years. Where there is any casual vacancy in the Board, candidates will be proposed and put forward to the Board for consideration and approval, with a view to appointing to the Board individuals with the appropriate capabilities to fill the casual vacancy.

Pursuant to code provision C.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Dr. LEE Yin Yee, S.B.S. is the Chairman of the Group and Mr. LEE Shing Put, B.B.S. is the Vice Chairman and the Chief Executive Officer of the Group. The Chairman is responsible for managing and providing leadership to the Board and ensuring that the Group has maintained strong and effective corporate governance practices and procedures. Mr. LEE Shing Put, B.B.S. has performed both of the roles as the Vice Chairman and the Chief Executive Officer of the Group. However, the Board considers that since Mr. LEE Shing Put, B.B.S. has been working in the Group for more than a decade and is familiar with the business operations of the Group, vesting both of the roles of the Vice Chairman and the Chief Executive Officer in Mr. LEE Shing Put, B.B.S. can facilitate the smooth and efficient execution of the business strategy of the Group. Furthermore, the Board considers that the balance of power and authority between the Board and the management of the Company will not be impaired as Mr. LEE Shing Put, B.B.S. will only be one of the two Vice Chairmen of the Group alongside the Chairman of the Group. Under the supervision of the Board which comprises four executive Directors, two non-executive Directors and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders as a whole.

Each of the non-executive Directors and the independent non-executive Directors has entered into a service contract or letter of appointment with the Company for a specific term of not more than three years. All of the independent non-executive Directors have satisfied the independence criteria and have made their confirmations on independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors have fulfilled the independence guidelines set forth under Rule 3.13 of the Listing Rules.

# Corporate Governance Report

Attendance records of the Directors at board meetings and general meeting in 2025 are as follows:

	Number of meetings attended/held	
	General meeting	Board meetings
<b>Executive Directors</b>		
LEE Shing Put	1/1	4/4
LEE Yau Ching	1/1	4/4
LI Man Yin	1/1	4/4
CHU Charn Fai	1/1	4/4
<b>Non-executive Directors</b>		
LEE Yin Yee	1/1	4/4
TUNG Ching Sai	1/1	3/4
<b>Independent non-executive Directors</b>		
LO Wan Sing, Vincent	1/1	3/4
KAN E-ting, Martin	1/1	4/4
LEONG Chong Peng	1/1	4/4

In additions to board meetings, the Chairman also holds meetings from time to time with executive Directors and at least one meeting with independent non-executive Directors annually without the presence of executive Directors.

The Board is responsible for the formulation of the overall strategies and objectives of the Group, monitoring and evaluating the operating and financial performance, the review of the corporate governance measures and supervision of the overall management of the Group. The senior management of the Group is responsible for the implementation of the business strategies and the day-to-day operations of the Group under the leadership of the Chief Executive Officer. The Directors have full access to all the information of the Group in relation to the business operation and financial performance of the Group. Senior management of the Group also provides the Directors from time to time with information on the business operation of the Group.

## BOARD DIVERSITY

The Board considers that its diversity is a vital asset to the business and has adopted a board diversity policy for better transparency and governance. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company adopted the board diversity policy (the "Diversity Policy") as required by the CG Code. The Nomination Committee will discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption, as set forth in the Diversity Policy of the Company.

For the purpose of implementation of the board diversity policy, the following measurable objectives were adopted:

- At least one member of the Board shall be female.
- At least one-third of the members of the Board shall be independent non-executive Directors.

The members of the Board, who come from a variety of different backgrounds, have a diverse range of business, and professional expertise. The table below sets forth an analysis of the Board's current composition based on the measurable objectives:

Measurable objective	Category	Number of Director
Gender	Male	8
	Female	1
Age	41-50	3
	51-60	3
	Over 60	3
Director's skills and experience	Solar glass industry experience	6
	Renewable energy business experience	4
	International exposure	2
	Financial expertise	2
	Legal expertise	1
	Digital and technology	2
	Compliance and corporate governance experience	9
	Current executive leadership or directorship in other listed companies	5

Based on the foregoing, the composition and diversity of the Board enable the management to benefit from a diverse and objective external perspective, on issues raised before the Board.

Brief biographical particulars of the Directors, together with information relating to the relationship among them, are set forth on pages 20 to 23 in this annual report.

The Board currently has one female Director and as such has achieved gender diversity in respect of the Board. The Company targets to maintain at least the current level of female representation on the Board and strive to ensure the Board is made up of a reasonable and appropriate proportion of female member by reference to stakeholders' expectations and international and local recommended best practices and the pool of qualified candidates.

# Corporate Governance Report

The Company values gender diversity across all levels of the Group. The following table sets forth the gender ratio in the workforce of the Group, including the Board and senior management as of 31 December 2025:

	Male	Female
Board	88.9%	11.1%
Senior Management	93.1%	6.9%
Other employees	79.8%	20.2%
Overall workforce	79.9%	20.1%

The Nomination Committee was of the opinion that the Board consisted of members with diversified gender, age, cultural and education background, professional/business experience, skills and knowledge. Further details for the diversity, including the gender diversity, in the workforce during the FY2025 are set forth in the Environmental, Social and Governance Report dated 30 April 2026 of the Company.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and review the same as appropriate. The Board Diversity Policy is available on the website of the Company for public information.

## MECHANISM REGARDING INDEPENDENT VIEWS TO THE BOARD

The Board has implemented different ways to ensure independent views and input are available to the Board (the “**Mechanism**”). The purpose of the Mechanism is to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The Mechanism also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Mechanism, the Board will conduct annual review on its independence. The results will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate. The Board will also conduct annual review to the Mechanism and the results will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the FY2025, the Board reviewed its independence and the results were satisfactory.

During the FY2025, the Board reviewed the implementation and effectiveness of the Mechanism and the results were satisfactory.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by the Directors. Directors are reminded of their obligations under the Model Code on a regular basis. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set forth in the Model Code throughout the FY2025.

## REMUNERATION COMMITTEE

The Remuneration Committee of the Board comprises five members, namely Dr. LEE Yin Yee, S.B.S., Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LO Wan Sing, Vincent, Mr. KAN E-ting, Martin and Ms. LEONG Chong Peng. Three of Remuneration Committee members are independent non-executive Directors, and one of whom, Mr. LO Wan Sing, Vincent, is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include reviewing the terms of the remuneration packages of and determining the award of bonuses to Directors and senior management and reviewing and approving matters related to share option schemes. The Remuneration Committee was established on 19 November 2013 and its terms of reference, which has been amended on 29 December 2016, are posted on the websites of the Company and the Stock Exchange.

During the year, one meeting of the Remuneration Committee was held to review, consider and make recommendations to the Board where appropriate in relation to:

- annual review of the directors’ fee;
- annual review of the remuneration packages of the executive Directors and senior management; and
- the renewal of directors’ service contracts and letters of appointment that expired during the year.

The attendance record of each committee member is set forth below:

	Number of meeting attended/held
LO Wan Sing, Vincent (Chairman)	0/1
LEE Yin Yee	1/1
TUNG Ching Sai	1/1
KAN E-ting, Martin	1/1
LEONG Chong Peng	1/1

# Corporate Governance Report

The remuneration of the members of the senior management (other than the Directors of the Company) by band for the FY2025 is set forth below:

<u>In the band of:</u>	<u>Number of individuals</u>
HK\$1,000,001 to HK\$1,500,000	1
HK\$3,500,001 to HK\$4,000,000	1

Details of the Directors' remuneration is set forth in note 9 to the consolidated financial statements in this annual report.

## AUDIT COMMITTEE

The Audit Committee of the Board comprises three independent non-executive Directors, namely Ms. LEONG Chong Peng, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin. Ms. LEONG Chong Peng is the chairperson of the Audit Committee.

The Audit Committee assists the Board to review the financial reporting process, evaluate the effectiveness of internal control and risk management systems and oversee the auditing processes of the Group. The Audit Committee was established on 19 November 2013 and its terms of reference, which has been amended on 29 December 2016, are posted on the websites of the Company and the Stock Exchange.

During the year, the Audit Committee convened four meetings to review, consider and, where appropriate, make recommendations to the Board in relation to the following matters:

- the independence and performance of the external auditor, including the provision of non-audit services;
- the audit plans and findings of the external auditor, together with related management responses, as well as changes in accounting standards and their impact on the Group;
- the annual and interim financial statements and the related results announcement;
- the continuing connected transactions of the Group;
- the Group's financial reporting and compliance procedures, internal control and risk management systems; and
- matters relating to the retirement and appointment of auditors.

The attendance record of each committee member is set forth below.

	<u>Number of meetings attended/held</u>
LEONG Chong Peng (Chairperson)	4/4
LO Wan Sing, Vincent	3/4
KAN E-ting, Martin	4/4

## NOMINATION COMMITTEE

The Nomination Committee of the Board consists of five members, namely Dr. LEE Yin Yee, S.B.S., Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LO Wan Sing, Vincent, Mr. KAN E-ting, Martin and Ms. LEONG Chong Peng. Three of Nomination Committee members are independent non-executive Directors. The chairman of the Nomination Committee is Dr. LEE Yin Yee, S.B.S..

The primary duties of the Nomination Committee are to review the structure, size and diversity of the Board on a regular basis, assess the independence of independent non-executive Directors of the Company, and make recommendations to the Board regarding the appointment, retirement and re-election of Directors. The Nomination Committee was established on 19 November 2013 and its terms of reference, which has been amended on 30 June 2025, are posted on the websites of the Company and the Stock Exchange.

During the year, one meeting was held by the Nomination Committee to review, consider and make recommendations to the Board where appropriate in relation to the following matters:

- the structure, size, composition and diversity of the Board;
- the independence of the independent non-executive Directors; and
- the re-election of the retiring Directors for shareholders' approval at the AGM.

The attendance record of each committee member is set forth below:

	Number of meeting attended/held
LEE Yin Yee (Chairman)	1/1
TUNG Ching Sai	1/1
LO Wan Sing, Vincent	0/1
KAN E-ting, Martin	1/1
LEONG Chong Peng	1/1

## NOMINATION POLICY

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including but without limitation to the following in assessing the suitability of the proposed candidate:

- Reputation for integrity;
- Achieve board diversity, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Merit and contribution that the candidate will bring to the Board;

# Corporate Governance Report

- Compliance with the criteria of independence as prescribed under the Listing Rules for the appointment of an independent non-executive director if the proposed candidate will be nominated as an independent non-executive director; and
- Able to devote sufficient time and attention to the Company's business.

The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election to the Board and the appointment or re-appointment of Directors and succession planning for Directors is subject to the approval of the Board.

Procedures for shareholders' nomination of any proposed candidate for election as a director are stated in "Mechanisms available for shareholders to propose a person for election as a director of the Company" and disclosed in the Company's website.

## DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibilities in (i) overseeing the preparation of the financial statements of the Group with a view to ensure that such financial statements give a true and fair view of the state of affairs of the Group and (ii) selecting suitable accounting policies, applying the selected accounting policies consistently, and making prudent and reasonable judgments and estimates for the preparation of the financial statements of the Group. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the auditors of the Company regarding their reporting responsibilities on the financial statements of the Group is set forth in the Independent Auditor's Report on pages 67 to 72 of this annual report.

## AUDITORS' REMUNERATION

For the FY2025, the professional fees paid/payable to the external auditors of the Company in respect of audit and non-audit services provided by the auditors to the Group were as follows:

<u>Auditors' remuneration</u>	<u>RMB'000</u>
Audit services	2,679

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board and the management of the Group maintain a sound and effective system of risk management and internal control so as to ensure the effectiveness and efficiency of the operations of the Group in achieving the established corporate objectives, safeguarding assets of the Group, rendering reliable financial reporting and complying with the applicable laws and regulations. The systems are designed to provide reasonable but not absolute assurance against material misstatement or loss, and to manage rather than eliminate risk of failure to meet the business objectives of the Group.

The key elements of the Group's risk management and internal control structure are as follows:

- Well-defined organisational structure with appropriate segregation of duties, limit of authority, reporting lines and responsibilities to minimise risk of errors and abuse;
- Clear and written policies and procedures have been established and regularly reviewed for major functions and operations;
- Important business functions or activities are managed by experienced, qualified and suitably trained staff;
- Continuous monitoring of the key operating data and performance indicators, timely and up-to-date business and financial reporting, immediate corrective actions are taken where necessary; and
- Internal audit function to perform independent appraisal of major operations on an ongoing basis.

Through the Audit Committee and the internal audit team, the Board has conducted an annual review on the effectiveness of risk management and internal control systems of the Group for the FY2025.

A risk-based approach is adopted to ensure that a methodical coverage of the Group's operations and resources are focused on high-risk areas. The internal audit team takes the lead to evaluate the risk management and internal control systems of the Group by reviewing the major operations of the Group every year. The review covers all material controls including financial, operational and compliance controls. Review results and recommendations in the form of written reports are submitted to the Audit Committee for discussion and review. Follow-up actions will be taken up by the internal audit team to ensure that findings previously identified have been properly addressed.

Based on the results of the internal control review for the FY2025 and the assessment of the Audit Committee thereon, no significant deficiency in risk management and internal controls systems are noted. The Board therefore is satisfied that appropriate and effective risk management and internal control systems have been maintained for the year ended 31 December 2025.

## **INSIDE INFORMATION POLICY**

The Company has established an inside information policy which contains the guidelines to the directors, officers and all relevant employees (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to public in equal and timely manner in accordance with the applicable laws and regulation.

# Corporate Governance Report

## DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company provides to all the Directors a comprehensive induction package which includes introduction on the business operations, internal procedures and general policy of the Company and a summary of statutory and regulatory obligations of directors under the Listing Rules and other relevant laws and regulations. During the year, the Directors are provided with regular updates on the Group's business, operations, risk management and corporate governance matters to enable the Board as a whole and each Director to discharge their duties. The Directors are also encouraged to attend both in-house training and training provided by independent service providers. Directors are continually updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for directors will be arranged where necessary.

For the FY2025, all Directors participated in continuous professional development, which included studying regulatory updates, reviewing training materials, and attending training sessions and webinars. This ongoing training aimed to enhance their knowledge and skills related to directors' duties, the latest amendments to the Listing Rules, and best practices in corporate governance.

## COMPANY SECRETARY

The Company Secretary is Mr. CHU Charn Fai, a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. CHU is also the financial controller and Executive Director of the Company. He assists the Board by ensuring good information flow within the Board and that the policy and procedures of the Board are followed. For the FY2025, Mr. CHU has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

## SHAREHOLDERS' RIGHT

### (i) Procedures for Shareholders to convene a general meeting

Pursuant to article 58 of the Articles, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per Share basis, shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such general meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such general meeting, the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

## (ii) Procedures for Shareholders to putting forward proposals

Pursuant to article 58A of the Articles, after the notice of the general meeting is given, any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per Share basis, shall have the right to propose additional resolutions in writing to the Company at least 10 days before the convening of the general meeting, at the expense of the requisitionist(s), provided that the scheduled convening of the general meeting of the Company shall not be affected thereby. The content of the proposed resolutions must fall within the scope of duties and powers of the general meeting of Members, with specific resolutions, and comply with the laws and regulations. The Board shall list the proposed resolutions that are within the scope of duties and powers of the general meeting in the agenda of the meeting and submit the matters to the general meeting for the Members' consideration.

## (iii) Procedures for which enquiries may be put to the Board

Shareholders may at any time send their enquiries and concerns with sufficient contact details to the Board at the principal place of business of the Company in Hong Kong for the attention of the company secretary or via e-mail to "ir@xinyisolar.com.hk".

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company endeavours to develop and maintain continuing relationships and effective communications with its shareholders and investors. In an effort to facilitate and enhance the relationships and communication, the Company has established a shareholders communication policy. The Board reviewed the implementation and effectiveness of the shareholders communication policy and the results were satisfactory. The Company has established the following channels:

- (i) the annual general meeting provides a forum for the Shareholders to raise comments and exchange views with the Board. The Directors are available at the annual general meeting of the Company to address Shareholders' queries;
- (ii) the Company maintains a website at [www.xinyisolar.com](http://www.xinyisolar.com), where updated key information/news of the Group is available for public access;
- (iii) interim and annual results are announced as early as possible, to keep the Shareholders informed of the Group's performance and operations;
- (iv) investor, analyst and media briefing are held as early as practicable after the publication of the interim and annual results;
- (v) the Company's management may meet with shareholders, potential investors and research analysts upon request and provide update of the latest business development of the Group and answer their queries in accordance with the Group's Inside Information Policy; and
- (vi) Shareholders shall direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited.

# Corporate Governance Report

## CONSTITUTIONAL DOCUMENTS

During the year, the Company has made changes to its constitutional documents to be consistent with the latest legal and regulatory requirements, including the applicable laws of the British Virgin Islands and Hong Kong, the new electronic dissemination rules under the expanded paperless listing regime of the Stock Exchange effective from 31 December 2023 and the creation of the treasury shares that may be held by the Company as permitted under the Listing Rules.

The adoption of the amended and restated memorandum and articles of association of the Company had obtained shareholders' approval at the annual general meeting held on 30 May 2025. For details, please refer to the announcement of the Company dated 30 April 2025 and the circular of the Company dated 30 April 2025.

The Company's constitutional documents are available on the websites of the Company and the Stock Exchange.

## DIVIDEND POLICY

In considering the payment of dividends, the Board seeks to maintain adequate cash reserves to meet the Group's working capital requirements and to strike an appropriate balance between supporting future business growth and rewarding the Shareholders.

Provided that the Group's daily working capital needs are satisfied and funding has been reserved for future development, the Company intends to maintain a relatively stable dividend distribution ratio. However, the Company's past dividend distribution record does not necessarily indicate that the same level of dividends will be declared or paid in the future.

In proposing any dividend payout, the Board will take into account the Group's financial performance and cash flow position, future expansion plans and capital requirements, interests of the Shareholders, contractual restrictions on payment of dividends, taxation considerations, statutory and regulatory restrictions, general economic conditions, the business cycle of the Group's operations, and any other factors the Board may consider relevant.

The Company may declare and pay dividends in cash, in scrip, or by other means that the Board considers appropriate. Any dividend remaining unclaimed shall be forfeited and revert to the Company in accordance with its memorandum and articles of association.

# Report of the Directors

The Directors are pleased to present their report and the audited financial statements of the Group for the FY2025.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries mainly include: (i) production and sale of solar glass products and (ii) renewable energy business focused on solar farm development alongside solar and wind power generation. Particulars of the subsidiaries are set forth in note 14 to the consolidated financial statements in this annual report.

## BUSINESS REVIEW AND OUTLOOK

A business review of the Group and further discussion and analysis of these activities of the Group for the FY2025 and the future development are set forth in the Chairman's Statement from pages 4 to 10 and Management Discussion and Analysis from pages 11 to 19 of this annual report. These discussions form part of the Report of the Directors.

## RESULTS AND APPROPRIATIONS

The results of the Group for the FY2025 are set forth in the consolidated statement of profit or loss on page 73 in this annual report. During the year, an interim dividend of 4.2 HK cents per share, amounting to a total of approximately HK\$381.3 million (equivalent to RMB349.1 million), was paid to the Shareholders in cash or by way of scrip shares in lieu of cash on 10 October 2025.

## FINAL DIVIDEND

At the meeting of the Board held on 27 February 2026, the Directors proposed a final dividend ("Final Dividend") of 0.8 HK cents per share for the FY2025. The recommendation of the payment of the Final Dividend is subject to the approval of the Shareholders at the annual general meeting to be held on Friday, 29 May 2026. If approved by the Shareholders, it is expected that the Final Dividend will be paid on Friday, 3 July 2026 to the Shareholders whose names appear on the register of members of the Company on Monday, 8 June 2026.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's solar glass production may generate air pollutants, wastewater and other industrial waste at various stages of the production process. To ensure compliance with applicable environmental protection laws and regulations, the Group has implemented the following measures:

- *Energy:* Natural gas has been used as the principal energy source for the Group's glass melting furnaces.
- *Residual heat power generation:* The Group's solar glass production plants have utilised residual heat generated during the production process to generate electricity.
- *Glass recycling:* Scraped and unused glass produced during the production process have been recycled back into the glass melting furnaces for the production of solar glass products.

# Report of the Directors

Over the past few years, the Group has continued to invest in various types of solar farm projects, which can help to improve air quality and the environment by reducing the consumption of fossil fuel and emission of carbon dioxide.

During the year, the Group has utilised the solar power generation systems installed on the rooftops of its production complexes to generate renewable energy for its own use. In addition, the Group has also implemented a range of measures to further reduce greenhouse gases emissions per unit of solar glass output, enhance the water recycling utilisation rate and promote more environmentally friendly product packaging.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

An Environmental, Social and Governance (“ESG”) report for the FY2025 of the Group will be published on the websites of the Company and Stock Exchange at the same time as the publication of this annual report.

## COMPLIANCE WITH LAWS AND REGULATIONS

During the year under review and to the best knowledge of the Company’s directors, the Group had obtained and completed all material licenses, certifications, permits and registration necessary for its business operations, and that the Group had complied in all material aspects with all laws, rules and regulations that have a significant impact on the Group’s business and operations.

## RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

The Group values relationships with, and have been maintaining good relationships with its customers, raw material and equipment suppliers, logistics service providers and the employees of the Group. During the FY2025, there were no material dispute between the Group and its customers, suppliers and employees.

Customers are the Company’s greatest assets. Xinyi Solar is committed to the production of quality solar glass, with great emphasis on product quality and reputation. Over the years, the Company has already established a professional and reliable corporate image among the customers. Xinyi Solar has been maintaining the harmonious partnership of equal footing, honest cooperation and mutual benefits with suppliers. Supplier management has been standardised. Supplier assessment system has been improved through tendering and procurement. This is to create a fair and equitable competition environment for suppliers. Xinyi Solar adheres to the philosophy of “People-Oriented” and is committed to providing the employees with a safe and healthy work environment. The staff members are encouraged to show their creativity and potential, realising the co-development of the staff and the enterprise.

## DONATIONS

Donations by the Group for charitable purposes during the FY2025 amounted to RMB14,059,000 (2024: RMB6,262,000).

## PRINCIPAL RISKS AND UNCERTAINTIES

The business performance of the Group is subject to the following principal risks and uncertainties:

### Solar glass business

- The levels of demand and supply of solar glass are not entirely within the Group's control and are generally affected by the solar energy industry, the overall macroeconomic factors in the principal solar energy markets, and the production capacity of other solar glass manufacturers.
- The Group may not be able to adjust its production levels promptly in response to the changing market environment and as a result, any imbalance between the demand and supply of solar glass could create significant pressure on the selling prices.
- As a solar glass manufacturer, the Group follows the technology development which may cause demand for its solar glass products to be reduced significantly.
- The Group also relies on the continuous supply of energy and raw materials for its production requirement.

### Renewable energy business

- Climate change, unpredictable weather patterns, grid consumption constraints and market-based electricity trading can lead to erratic generation revenues and returns.
- Trade and tariff adjustment receivables arising from sales of electricity were all due from state-owned enterprises. The delay in the collection of tariff adjustment receivables may affect the cash flow and liquidity of the Group.
- Power curtailment and changes in electricity pricing policies may impact the Group's electricity sales revenue to varying degrees.

All of the above factors may adversely and materially affect the Group's operating results and profitability.

Details of the Group's exposure to foreign exchange risk and other financial risks are set forth in the paragraphs under "Treasury Policies and Exposure to Fluctuation in Foreign Exchange Rates" in the Management Discussion and Analysis on page 19 and the paragraphs under "Financial Risk Management Objective And Policies" in note 3 to the consolidated financial statements from pages 83 to 103 of this annual report.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set forth in the section headed "Financial Summary" in this annual report.

# Report of the Directors

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the Group's property, plant and equipment during the FY2025 are set forth in note 17 to the consolidated financial statements in this annual report.

## SHARE CAPITAL

Details of the movements in share capital of the Company during the FY2025 are set forth in note 26 to the consolidated financial statements in this annual report.

## DISTRIBUTABLE RESERVES

Under the Companies Act of the Cayman Islands, as of 31 December 2025, share premium amounting to approximately RMB5,811.9 million (2024: RMB5,595.3 million) and retained earnings of RMB1,433.4 million (2024: RMB1,823.4 million) was distributable to the Shareholders, subject to the condition that immediately following the date on which the distribution or dividend is proposed to be made, the Company is able to pay its debts as they fall due in the ordinary course of business.

Save for disclosed above, the Company had no distributable reserve available for distribution to the Shareholders at 31 December 2025 and 2024.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

## DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were:

### EXECUTIVE DIRECTORS

Mr. LEE Shing Put, B.B.S. (*Vice Chairman and Chief Executive Officer*)

Mr. LEE Yau Ching

Mr. LI Man Yin

Mr. CHU Charn Fai

### NON-EXECUTIVE DIRECTORS

Dr. LEE Yin Yee, S.B.S. (*Chairman*)

Tan Sri Datuk TUNG Ching Sai *J.P.* (*Vice Chairman*)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LO Wan Sing, Vincent  
Mr. KAN E-ting, Martin  
Ms. LEONG Chong Peng

In accordance with article 84 of the Articles, Dr. LEE Yin Yee, S.B.S., Tan Sri Datuk TUNG Ching Sai *J.P.* and Mr. LI Man Yin will retire by rotation and being eligible, will offer themselves for re-election at the AGM.

## INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from the independent non-executive Directors the confirmations of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming AGM has entered or has proposed to enter into any service agreements with the Company or any other member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' REMUNERATION

The emoluments of the Directors are recommended by the remuneration committee and are decided by the Board, taking into account the Group's operating results, individual performance as well as market trends and practices.

The remuneration of the Directors for the FY2025 were as follows:

- (i) For non-executive Directors and independent non-executive Directors, remuneration consisted of fixed fees with no discretionary elements or equity-based awards.
- (ii) Executive Directors were entitled to a combination of fixed and performance-related remuneration. The performance-related component was a discretionary management bonus determined by the Board, based on the Group's net profits. The total management bonus for all executive Directors did not exceed 5% of the Group's net profits.
- (iii) No share options were granted to Directors who were family members of or connected to the controlling shareholders.

Further details of the remuneration of the Directors are set out in note 9 to the consolidated financial statements in this annual report.

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for the connected transactions and continuing connected transactions disclosed on pages 59 to 64 of this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

# Report of the Directors

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the FY2025.

## SHARE OPTION SCHEMES

### (a) Share Option Scheme of the Company

In June 2014, the Company adopted a share option scheme (the “2014 Share Option Scheme”), which expired on 5 June 2024. On 31 May 2024, the Company adopted a new share option scheme (the “2024 Share Option Scheme”). The following table sets forth the movements in the share options of the Company for the FY2025:

Grantee	Grant date	Exercise price (HK\$)	Closing price of the Company's shares immediately before the grant date (HK\$)	Vesting period	Exercise period	At 1/1/2025	Number of share options				At 31/12/2025
							Granted	Exercised	Lapsed	Cancelled	
Executive director - Mr. CHU Charn Fai	<u>2014 Share Option Scheme</u> 31/3/2021	12.99	13.40	31/3/2021- 31/12/2023	1/4/2024- 31/3/2025	300,000	—	—	(300,000)	—	—
	31/3/2022	13.82	14.14	31/3/2022- 31/12/2024	1/4/2025- 31/3/2026	378,000	—	—	—	—	378,000
	31/3/2023	9.41	9.36	31/3/2023- 31/12/2025	1/4/2026- 31/3/2027	375,000	—	—	—	—	375,000
	28/3/2024	6.15	5.99	28/3/2024- 31/12/2026	1/4/2027- 31/3/2028	375,000	—	—	—	—	375,000
	<u>2024 Share Option Scheme</u> 28/3/2025	3.19	3.17	28/3/2025- 31/12/2027	1/4/2028- 31/3/2029	—	375,000	—	—	—	375,000
Continuous contract employees	<u>2014 Share Option Scheme</u> 31/3/2021	12.99	13.40	31/3/2021- 31/12/2023	1/4/2024- 31/3/2025	8,779,000	—	—	(8,523,000)	(256,000)	—
	31/3/2022	13.82	14.14	31/3/2022- 31/12/2024	1/4/2025- 31/3/2026	13,221,500	—	—	—	(974,500)	12,247,000
	31/3/2023	9.41	9.36	31/3/2023- 31/12/2025	1/4/2026- 31/3/2027	14,494,900	—	—	—	(2,056,500)	12,438,400
	28/3/2024	6.15	5.99	28/3/2024- 31/12/2026	1/4/2027- 31/3/2028	17,400,900	—	—	—	(2,282,700)	15,118,200
	<u>2024 Share Option Scheme</u> 28/3/2025	3.19	3.17	28/3/2025- 31/12/2027	1/4/2028- 31/3/2029	—	16,675,000	—	—	(523,600)	16,151,400
Total						55,324,300	17,050,000	—	(8,823,000)	(6,093,300)	57,458,000

A summary of the principal terms of the 2024 Share Option Scheme is as follows:

*(i) Purpose*

The 2024 Share Option Scheme is established to recognise and acknowledge the contributions the Eligible Participants (as defined below) had or may have made to the Group and to provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

*(ii) Participants*

The participants (the “**Eligible Participants**”) of the 2024 Share Option Scheme include:

- (a) the director(s) and employee(s) of the Company and/or of any of its subsidiaries (including persons who are granted options under the 2024 Share Option Scheme as an inducement to enter into employment contracts with these companies) (the “**Employee Participants**”);
- (b) the director(s) and employee(s) of any of the holding companies, fellow subsidiaries or associated companies of the Company or its subsidiaries (the “**Related Entity Participants**”); and
- (c) any person or entity which are independent third parties and provide services to the Group on an arm’s length basis and continuing or recurring basis in the ordinary and usual course of business of the Group where the continuity and frequency of their services are akin to those employees of the Group and exclude (a) placing agents or financial advisers providing advisory services for fund-raising and merger and acquisition transaction and (b) professional service providers who are required to provide their services in accordance with professional standards with impartiality and objectivity (the “**Service Provider Participants**”). The Service Provider Participants may be categorised into (a) long-term service providers of the Group, which provide installation and logistics services to the Group and (b) professional consultants engaged by the Group on a regular basis for the support of the Group’s continuous developments of production knowhow and technology.

*(iii) Maximum number of shares available for issue*

The total number of Shares which may be issued in respect of all options and awards to be granted under the 2024 Share Option Scheme and other share schemes of the Group must not in aggregate exceed 890,989,183 Shares, representing 10% of the total number of Shares in issue as of the date of adoption of the 2024 Share Option Scheme (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of the 2024 Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

## Report of the Directors

Within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all options and awards to be granted to the Service Provider Participants under the 2024 Share Option Scheme and other share schemes of the Group must not in aggregate exceed 44,549,459 Shares, representing 0.5% of the total number of Shares in issue as of the date of adoption of the 2024 Share Option Scheme (the “**Service Provider Sublimit**”). Options lapsed in accordance with the terms of the 2024 Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

The total number of Shares available for issue under the 2024 Share Option Scheme was 873,939,183, representing 9.55% of the issued Shares (excluding treasury shares) as of the date of this annual report.

*(iv) Maximum entitlements to each Eligible Participants*

Where any grant of options to an Eligible Participant would result in the Shares issued and to be issued in respect of all options granted to such person (excluding any options lapsed in accordance with the terms of the 2024 Share Option Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates (or associates if the Eligible Participant is a connected person) abstaining from voting.

*(v) Option period*

In respect of any particular option, the option period's to be determined and notified by the Board to the grantee at the time of making an offer which shall not expire later than 10 years from the date of grant.

*(vi) Vesting period*

The vesting period in respect of any share option shall not be less than 12 months (or such other period as the Listing Rules may prescribe or permit from time to time). Share options granted to Employee Participants may be subject to a shorter vesting period as determined by (i) the Remuneration Committee if such Employee Participant is a Director or a senior manager (as defined under rule 17.01A of the Listing Rules) of the Company, or (ii) the Board if such Employee Participant is not a Director or a senior manager (as defined under rule 17.01A of the Listing Rules) of the Company.

*(vii) Acceptance and payment on acceptance*

An offer is deemed to be accepted when the Company receives from the grantee the offer letter signed by the grantee within 30 days from the date of grant specifying the number of Shares in respect of which the offer is accepted and a remittance to the Company of HK\$1.0 as consideration for the grant of share option.

*(viii) Exercise price of share options granted*

The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant, which must be a Business Day; and (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the date of grant.

*(ix) Remaining life of the 2024 Share Option Scheme*

The 2024 Share Option Scheme will remain in force for a period of ten years commenced on 31 May 2024.

For the FY2025, 17,050,000 share options were granted. The fair value of the equity-settled share options granted under the 2024 Share Option Scheme during the FY2025 was estimated at HK\$13,338,000. The fair value of the share options granted to the Director and eligible employees of the Group were HK\$293,000 and HK\$13,045,000, respectively. The value of the share options granted during the FY2025 is to be expensed through the Group's income statement over the three-year vesting period of the share options.

The fair value of share options granted by the Company during the FY2025 was determined in accordance with the valuation performed by an independent valuer using the Black-Scholes option pricing model. Such model is one of the commonly used models to estimate the fair value of an option. The significant variables and assumptions used in computing the fair value of the share options are set forth in the table below. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Share price at the grant date (HK\$)	3.12
Exercise price (HK\$)	3.19
Volatility (%)	53.88
Dividend yield (%)	8.01
Expected share option life (years)	3.51
Annual risk-free rate (%)	2.94

During the FY2025, a total of 17,050,000 share options granted to a Director and employees of the Group (collectively, the "Grantees"), among of which 5,683,333 share options, representing one third of the total share options granted, vested on 31 December 2025. Having considered that (i) such share options vested where the performance target are satisfied during the performance period commenced from 1 January 2025 and ended on 31 December 2025, which is not less than 12 months, and (ii) the total vesting and holding period of the share options is more than 12 months, the Remuneration Committee and the Board considered that the grant of such share options with a shorter vesting period could align the interests of the Grantees with that of the Company and the Shareholders, reward and provide incentive to the Grantees to work towards success of the Group, and reinforce their commitment to long-term services of the Group, which is in line with the purpose of the 2024 Share Option Scheme.

## Report of the Directors

The vesting of the share options granted to the Grantees is subject to satisfaction of certain performance targets as determined by the Board at its absolute discretion. Such performance targets include, but without limitation to, and where appropriate: (a) sales performance (e.g. revenue and profit); (b) operational performance (e.g. production yield and cost control and turnover rate); and (c) financial performance (e.g. profits, cash flow, earnings, market capitalisation and return on equity) of the Group as a whole and of the applicable business. Also, the Company has established a standard performance appraisal system to evaluate the performance and contribution of the Grantees, including but not limited to, the individual's overall performance indicators (e.g. strategic driving abilities, talent development capabilities, inter-departmental cooperation capabilities and adherence to corporate culture) and discipline and responsibility (e.g. punctuality, integrity, honesty or compliance with internal procedures).

The Board may in its absolute discretion determine that the share options granted may be subject to clawback in the event of, including but not limited to, a material misstatement in the Company's financial statements, fraud or persistent and serious misconduct by the Grantee, performance targets that have been assessed or calculated inaccurately, and any criminal convictions that related to the Grantee's integrity or honesty.

The Company may (a) clawback all or a specified part of the share options granted as the Board may consider appropriate and/or (b) request the Grantees to return in whole or in part of the income and/or benefits generated from the exercised share options.

Saved as disclosed above, the Company did not make any grant of share options to the Directors and/or senior managers as set forth in rules 17.03F, 17.06B(7) and 17.06B(8) of the Listing Rules during the FY2025.

As of 31 December 2025, the number of share options available for grant under the 2024 Share Option Scheme was 873,939,183 and the number of share options available for grant under the Service Provider Sublimit of the 2024 Share Option Scheme was 44,549,459.

The number of Shares that may be issued in respect of the options granted under the 2024 Share Option Scheme during the FY2025 divided by the weighted average number of the Shares in issue for the FY2025 is 0.19%.

Further details of the 2014 Share Option Scheme and the 2024 Share Option Scheme are set forth in note 27 to the consolidated financial statements in this annual report.

## (b) Share Option Scheme of a subsidiary

Xinyi Energy Holdings Limited (“Xinyi Energy”), a non-wholly owned subsidiary of the Company, adopted a share option scheme (the “XYE Share Option Scheme”) in November 2018. The following table sets forth movements in the share options of Xinyi Energy (“XYE Share Options”) for the FY2025:

Grantee	Grant date	Exercise price (HK\$)	Closing price of the Xinyi Energy's shares immediately before the grant date (HK\$)	Vesting period	Exercise period	At 1/1/2025	Number of XYE Share Options				
							Granted	Exercised	Lapsed	Cancelled	At 31/12/2025
Continuous contract employees	31/3/2021	3.78	3.81	31/3/2021- 31/12/2023	1/4/2024- 31/3/2025	1,930,468	—	—	(1,930,468)	—	—
	31/3/2022	4.76	4.86	31/3/2022- 31/12/2024	1/4/2025- 31/3/2026	2,247,208	—	—	—	(37,028)	2,210,180
	1/6/2023	2.26	2.26	1/6/2023- 31/12/2025	1/4/2026- 31/3/2027	3,518,000	—	—	—	(82,000)	3,436,000
	28/3/2024	1.12	1.09	28/3/2024- 31/12/2026	1/4/2027- 31/3/2028	3,106,000	—	—	—	(100,000)	3,006,000
	31/3/2025	0.97	0.96	31/3/2025- 31/12/2027	1/4/2028- 31/3/2029	—	3,500,000	—	—	(29,000)	3,471,000
						<u>10,801,676</u>	<u>3,500,000</u>	<u>—</u>	<u>(1,930,468)</u>	<u>(248,028)</u>	<u>12,123,180</u>

During the FY2025, 3,500,000 XYE Share Options were granted. The fair value of the equity-settled share options under the XYE Share Option Scheme granted during the year was estimated at HK\$892,000.

The value of the XYE Share Options granted during the FY2025 is to be expensed through the income statement of Xinyi Energy over the three-year vesting period of XYE Share Options.

## Report of the Directors

The fair value of XYE Share Options granted during the FY2025 was determined in accordance with the valuation performed by an independent valuer using the Black-Scholes option pricing model. Such model is one of the commonly used models to estimate the fair value of an option. The significant variables and assumptions used in computing the fair value of the XYE Share Options are set forth in the table below. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Share price at the grant date (HK\$)	0.95
Exercise price (HK\$)	0.97
Volatility (%)	49.04
Dividend yield (%)	5.26
Expected share option life (years)	3.50
Annual risk-free rate (%)	2.84

The number of XYE share options available for grant under the XYE Share Option Scheme was 648,066,772 as of 1 January 2025 and 648,158,214 as of 31 December 2025.

The number of XYE Shares that may be issued in respect of the XYE Share Options granted under the XYE Share Option Scheme during the FY2025 divided by the weighted average number of the XYE Shares in issue for the FY2025 is 0.04%.

During the FY2025, a total of 3,500,000 XYE Share Options granted to the senior management and the employees of XYE Group (the “**XYE Grantees**”), among of which 1,166,666 XYE Share Options, representing one third of the total XYE Share Options granted, vested on 31 December 2025. Having considered that (i) such XYE Share Options vested where the performance target are satisfied during the performance period commenced from 1 January 2025 and ended on 31 December 2025, which is not less than 12 months, and (ii) the total vesting and holding period of the XYE Share Options is more than 12 months, the remuneration committee of Xinyi Energy (the “**XYE Remuneration Committee**”) and the board of directors of Xinyi Energy (the “**XYE Board**”) consider that the grant of such XYE Share Options with a shorter vesting period could align the interests of the XYE Grantees with that of Xinyi Energy and the shareholders of Xinyi Energy, reward and provide incentive to the XYE Grantees to work towards success of the XYE Group, and reinforce their commitment to long-term services of the XYE Group, which is in line with the purpose of the XYE Share Option Scheme.

The vesting of the XYE Share Options granted to the XYE Grantees is subject to satisfaction of certain performance targets as determined by the XYE Board at its absolute discretion. The XYE Board will assess the performance of the XYE Group for the relevant year, including in particular key performance indicators, such as revenue, profit and sales target of the XYE Group as a whole and of the applicable business. Also, the XYE Group has established a standard performance appraisal system for its employees to evaluate their performance and contribution to the XYE Group.

There is no clawback mechanism attached to the XYE Share Options granted to the XYE Grantees. The purpose of the XYE Share Option Scheme is to recognise and acknowledge the contributions the grantees had or may have made to the XYE Group. The XYE Share Option Scheme also provides the grantees with an opportunity to have a personal stake in Xinyi Energy with the view to satisfied the objectives of (i) motivate the grantees to optimise their performance efficiency for the benefit of the XYE Group and (ii) attract and retain or otherwise maintain on-going business relationship with the grantees whose contributions are or will be beneficial to the long-term growth of the XYE Group. Having considered that (i) the XYE Grantees are the senior management and the employees of the XYE Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the XYE Group; (ii) the grant of XYE Share Options to the XYE Grantees is a recognition for their past contributions to the XYE Group; and (iii) the XYE Share Options are subject to the terms of the XYE Share Option Scheme which provides for circumstances under which the XYE Share Options or any part thereof shall lapse in the event that the XYE Grantees cease to be a director and an employee of the XYE Group or commit a breach of the rules of the XYE Share Option Scheme, the XYE Remuneration Committee and the XYE Board consider that without additional clawback mechanism, the grant of the XYE Share Options could align the interests of the XYE Grantees with that of Xinyi Energy and the shareholders of Xinyi Energy, reward and provide incentive to the XYE Grantees to work towards successes of the XYE Group, and reinforce their commitment to long-term services of the XYE Group, which is in line with the purpose of the XYE Share Option Scheme.

Saved as disclosed above, Xinyi Energy did not make any grant of XYE Share Options to the directors and/or senior managers of Xinyi Energy as set forth in Rules 17.03F, 17.06B(7) and 17.06B(8) of the Listing Rules during the FY2025.

A summary of the principal terms of the XYE Share Option Scheme is as follows:

*(i) Purpose*

The purpose of the XYE Share Option Scheme is to enable Xinyi Energy to grant options to eligible participants (“**XYE Participants**”) as incentives or rewards for their contribution or potential contribution to the Xinyi Energy and its subsidiaries (the “**XYE Group**”) and to provide the XYE Participants an opportunity to have a personal stake in Xinyi Energy with the view to achieving the following objectives: (i) motivate the XYE Participants to optimise their performance efficiency for the benefit of XYE Group; (ii) attract and retain or otherwise maintain on-going business relationship with the XYE Participants whose contributions are or will be beneficial to the long-term growth of the XYE Group; and (iii) for such purposes as the XYE Board may approve from time to time.

## Report of the Directors

### *(ii) XYE Participants*

The XYE Participants includes: (i) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the XYE Group (the “**XYE Executive**”), any full-time or part time employee, or a person for the time being seconded to work full-time or part time for any member of the XYE Group (the “**XYE Employee**”); (ii) a director or proposed director (including an independent non-executive director) of any member of the XYE Group; (iii) a direct or indirect shareholder of any member of the XYE Group; (iv) a supplier of goods or services to any member of the XYE Group; (v) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the XYE Group; (vi) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the XYE Group; and (vii) an associate of any of the persons referred to in items (i) to (iii) above.

### *(iii) Maximum number of shares of Xinyi Energy*

The maximum number of shares of Xinyi Energy (the “**XYE Shares**”) which may be issued upon exercise of all XYE Share Options to be granted under the XYE Share Option Scheme and any other schemes of the XYE Group shall not in aggregate exceed 662,734,947 XYE Shares, representing 10% of the XYE Shares in issue as of the date of listing, excluding XYE Shares which may fall to be issued upon the exercise of the over-allotment option of Xinyi Energy in relation to its listing.

The maximum number of XYE Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the XYE Share Option Scheme and any other schemes of XYE Group shall not exceed 30% of XYE Shares in issue from time to time. No options may be granted under the XYE Share Option Scheme and any other share option scheme of Xinyi Energy if this will result in such limit being exceeded.

The total number of securities available for issue under the XYE Share Option Scheme was 648,158,214, representing 7.61% of the issued share capital of Xinyi Energy as of the date of this annual report.

### *(iv) Maximum number of XYE Share Option to each XYE Participant*

Unless with the approval of the shareholders of Xinyi Energy in general meeting, the maximum number of XYE Shares issued and which may fall to be issued upon exercise of the XYE Share Options granted under the XYE Share Option Scheme and any other schemes of Xinyi Energy (including both exercised and outstanding XYE Share Options) to each XYE Participant in any 12-month period up to the date of grant shall not exceed 1% of the XYE Shares in issue as of the date of grant.

(v) *XYE Share Option period*

The period during which the XYE Share Options may be exercised will be determined by the XYE Board in its absolute discretion, save that no XYE Share Option may be exercised more than 10 years after it has been granted. Save as determined by the XYE Board and provided in the offer of the grant of the relevant XYE Share Options, there is no minimum period for which the XYE Share Option must be held before it can be exercised.

(vi) *Vesting period of the XYE Share Option*

Subject to the provisions of the Listing Rules, the XYE Board may in its absolute discretion when offering the grant of the XYE Share Option impose the time or period before the right to exercise the XYE Share Option in respect of all or any of the XYE Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the XYE Share Option Scheme.

(vii) *Acceptance and payment on acceptance*

An offer for the grant of the XYE Share Options must be accepted within thirty days inclusive of the day on which such offer was made. A consideration of HK\$1.00 is required to be paid by the grantee of the XYE Share Option to Xinyi Energy upon acceptance of the offer.

(viii) *XYE Share Option price for subscription of XYE Shares*

The subscription price of the XYE Shares in respect of any particular XYE Share Options shall be the price determined by the XYE Board in its absolute discretion, but in any event shall not be less than the highest of: (a) the closing price of the XYE Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant; (b) the average closing price of the XYE Shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the XYE Shares.

(ix) *Remaining life of the XYE Share Option Scheme*

The XYE Share Option Scheme will remain in force for a period of ten years commencing on 28 May 2019.

Further details of the XYE Share Option Scheme are set forth in note 27 to the consolidated financial statements in this annual report.

## **BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT**

Biographical details of the Directors and senior management are set forth on pages 20 to 23 of this annual report.

# Report of the Directors

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### (i) Long position in the Shares

Name of Director	Capacity	Name of the controlled corporations	Number of Shares held	Approximate percentage of the Company's issued share capital
Dr. LEE Yin Yee, S.B.S.	Interest in a controlled corporation <sup>(1)</sup>	Realbest (as defined below)	901,291,508	9.853%
	Interest in a controlled corporation <sup>(2)</sup>	Xin Yuen (as defined below)	12,257,538	0.134%
	Interest in persons acting in concert <sup>(3)</sup>		1,540,991,311	16.846%
Tan Sri Datuk TUNG Ching Sai J.P.	Interest in a controlled corporation <sup>(4)</sup>	Copark (as defined below)	230,990,954	2.525%
	Family interest <sup>(4)</sup>		39,685,997	0.433%
	Interest in persons acting in concert <sup>(3)</sup>		2,183,863,406	23.875%
Mr. LI Man Yin	Interest in a controlled corporation <sup>(5)</sup>	Perfect All (as defined below)	94,145,584	1.029%
	Personal interest <sup>(5)</sup>		3,942,784	0.043%
	Family interest <sup>(5)</sup>		1,623,254	0.017%
	Interest in persons acting in concert <sup>(3)</sup>		2,354,828,735	25.744%
Mr. LEE Yau Ching	Interest in a controlled corporation <sup>(6)</sup>	Telerich (as defined below)	312,338,945	3.414%
Mr. CHU Charn Fai	Personal interest		416,000	0.004%

Notes:

- (1) Dr. LEE Yin Yee, S.B.S. is the beneficial owner of the entire issued share capital of Realbest Investment Limited (“Realbest”) which in turn is the registered owner of 901,291,508 Shares.
- (2) Dr. LEE Yin Yee, S.B.S.’s interests in 12,257,538 Shares are held through Xin Yuen Investment Limited (“Xin Yuen”) which was wholly-owned by Xin Wong Investment Limited (“Xin Wong”). Xin Wong is 50% owned by Dr. LEE Yin Yee, S.B.S. and 50% owned by his spouse, Madam TUNG Hai Chi.
- (3) Pursuant to an agreement dated 31 May 2013 and entered into by Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor *D.C.S.M.*, Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their Shares allotted to them under a conditional distribution in specie, by way of special interim dividend declared on 19 November 2013.
- (4) Tan Sri Datuk TUNG Ching Sai *J.P.* is the beneficial owner of the entire issued share capital of Copark Investment Limited (“Copark”) which is the registered owner of 230,990,954 Shares. Tan Sri Datuk TUNG Ching Sai *J.P.* also has 39,685,997 Shares through his spouse, Puan Sri Datin SZE Tan Hung.
- (5) Mr. LI Man Yin is the beneficial owner of the entire issued share capital of Perfect All Investments Limited (“Perfect All”) which is the registered owner of 94,145,584 Shares. Mr. LI Man Yin also has 3,942,784 Shares in his own name and 1,623,254 Shares through his spouse, Madam LI Sau Suet.
- (6) Mr. LEE Yau Ching is one of the two directors of Telerich Investment Limited (“Telerich”), a company incorporated in the British Virgin Islands (“BVI”) with limited liability and wholly-owned by Mr. LEE Sing Din, the father of Mr. LEE Yau Ching. Telerich is the registered owner of 312,338,945 Shares.

## (ii) Share options of the Company

Name of Director	Capacity	Number of share options outstanding	Approximate percentage of the Company’s issued share capital
Mr. CHU Charn Fai	Personal interest	1,503,000	0.016%

# Report of the Directors

## (iii) Long positions in an associated corporation

The following table sets forth the interests of the Directors in Xinyi Energy, a non-wholly owned subsidiary of the Company, as of 31 December 2025:

<u>Name of Director</u>	<u>Capacity</u>	<u>Name of the controlled corporations</u>	<u>Number of XYE Shares held</u>	<u>Approximate percentage of Xinyi Energy's issued share capital</u>
Dr. LEE Yin Yee, S.B.S.	Interest in a controlled corporation <sup>(1)</sup>	Charm Dazzle (as defined below)	509,748,913	5.983%
	Interest in a controlled corporation <sup>(1)</sup>	Realbest	92,276,904	1.083%
	Interest in a controlled corporation <sup>(2)</sup>	Full Guang (as defined below)	8,466,198	0.099%
	Joint interest <sup>(1)</sup>		3,881,382	0.045%
	Family interest <sup>(1)</sup>		4,827,875	0.056%
	Interest in persons acting in concert <sup>(3)</sup>		1,003,293,307	11.776%
Tan Sri Datuk TUNG Ching Sai <i>J.P.</i>	Interest in a controlled corporation <sup>(4)</sup>	Sharp Elite (as defined below)	202,854,207	2.381%
	Interest in a controlled corporation <sup>(4)</sup>	Copark	32,211,604	0.378%
	Family interest <sup>(4)</sup>		15,719,319	0.184%
	Interest in persons acting in concert <sup>(3)</sup>		1,371,709,449	16.100%
Mr. LI Man Yin	Interest in a controlled corporation <sup>(5)</sup>	Will Sail (as defined below)	47,557,842	0.558%
	Interest in a controlled corporation <sup>(5)</sup>	Perfect All	9,657,353	0.113%
	Personal interest <sup>(5)</sup>		394,278	0.004%
	Family interest <sup>(5)</sup>		162,325	0.001%
	Interest in persons acting in concert <sup>(3)</sup>		1,564,722,781	18.365%

Notes:

- (1) Dr. LEE Yin Yee, S.B.S. is the beneficial owner of the entire issued share capital of Realbest and Charm Dazzle Limited (“**Charm Dazzle**”) which in turn are the registered owner of 92,276,904 and 509,748,913 XYE Shares respectively. Dr. LEE Yin Yee, S.B.S. also has 3,881,382 XYE Shares jointly held with and 4,827,875 XYE Shares held by his spouse, Madam TUNG Hai Chi.
- (2) The interest in the XYE Shares are held through Full Guang Holdings Limited (“**Full Guang**”). Full Guang is owned by Dr. LEE Yin Yee, S.B.S. as to 33.98%, Datuk Wira TUNG Ching Bor *D.C.S.M* as to 16.21%, Tan Sri Datuk TUNG Ching Sai *J.P.* as to 16.21%, Mr. LEE Sing Din (father of Mr. LEE Yau Ching) as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.
- (3) Pursuant to an agreement dated 22 November 2018 and entered into by Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor *D.C.S.M*, Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to dispose of their XYE Shares allotted to them under a conditional distribution in specie received at the time of listing of Xinyi Energy.
- (4) Tan Sri Datuk TUNG Ching Sai *J.P.* is the beneficial owner of the entire issued share capital of Copark and Sharp Elite Holdings Limited (“**Sharp Elite**”) which are the registered owner of 32,211,604 and 202,854,207 XYE Shares respectively. Tan Sri Datuk TUNG Ching Sai *J.P.* also has 15,719,319 XYE Shares through his spouse, Puan Sri Datin SZE Tan Hung.
- (5) Mr. LI Man Yin is the beneficial owner of the entire issued share capital of Will Sail Limited (“**Will Sail**”) and Perfect All which are the registered owner of 47,557,842 and 9,567,353 XYE Shares respectively. Mr. LI Man Yin also has 394,278 XYE Shares in his own name and 162,325 XYE Shares through his spouse, Madam LI Sau Suet.

Save as disclosed above, as of 31 December 2025, to the knowledge of the Company, none of the Directors or chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the Shares underlying Share and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

# Report of the Directors

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As of 31 December 2025, the following persons, (other than a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

<u>Name of substantial Shareholders</u>	<u>Nature of interest and capacity</u>	<u>(L/S)*</u>	<u>Number of Shares held</u>	<u>Approximate percentage of the Company's issued share capital</u>
Xinyi Group (Glass) Company Limited	Beneficial owner	(L)	2,133,496,152	23.324%
Xinyi Glass (BVI) Limited (formerly known as Xinyi Automobile Glass (BVI) Company Limited)	Interest in a controlled corporation	(L)	2,133,496,152	23.324%
Xinyi Glass Holdings Limited	Beneficial owner	(L)	45,268,677	0.494%
	Interest in a controlled corporation	(L)	2,133,496,152	23.324%
Datuk Wira TUNG Ching Bor <i>D.C.S.M</i>	Interest in a controlled corporation <sup>(1)</sup>	(L)	326,343,145	3.567%
	Joint interest <sup>(1)</sup>	(L)	20,952,105	0.229%
	Interest in persons acting in concert <sup>(2)</sup>	(L)	2,107,245,107	23.037%
Mr. LEE Sing Din	Interest in a controlled corporation <sup>(3)</sup>	(L)	312,338,945	3.414%
	Personal interest <sup>(3)</sup>	(L)	2,482,872	0.027%
	Joint interest <sup>(3)</sup>	(L)	40,788,066	0.445%
	Interest in persons acting in concert <sup>(2)</sup>	(L)	2,098,930,474	22.946%
Mr. LI Ching Wai	Interest in a controlled corporation <sup>(4)</sup>	(L)	138,336,153	1.512%
	Personal interest	(L)	3,430,000	0.037%
	Interest in persons acting in concert <sup>(2)</sup>	(L)	2,312,774,204	25.284%
Mr. SZE Nang Sze	Interest in a controlled corporation <sup>(5)</sup>	(L)	129,253,975	1.413%
	Personal interest	(L)	3,739,282	0.040%
	Interest in persons acting in concert <sup>(2)</sup>	(L)	2,321,547,100	25.380%
Mr. NG Ngan Ho	Interest in a controlled corporation <sup>(6)</sup>	(L)	92,232,465	1.008%
	Personal interest	(L)	2,527,239	0.027%
	Interest in persons acting in concert <sup>(2)</sup>	(L)	2,359,780,653	25.798%

<u>Name of substantial Shareholders</u>	<u>Nature of interest and capacity</u>	<u>(L/S)*</u>	<u>Number of Shares held</u>	<u>Approximate percentage of the Company's issued share capital</u>
Mr. LI Ching Leung	Interest in a controlled corporation <sup>(7)</sup>	(L)	89,616,113	0.979%
	Personal interest <sup>(7)</sup>	(L)	8,085,886	0.088%
	Family interest <sup>(7)</sup>	(L)	476,492	0.005%
	Interest in persons acting in concert <sup>(2)</sup>	(L)	2,356,361,866	25.760%
JPMorgan Chase & Co. ("JPMC")	Beneficial owner	(L)	156,334,302	
	Investment manager	(L)	352,508,129	
	Person having a security interest in shares	(L)	423,585	
	Approved lending agent	(L)	120,428,390	
	Sub-total		629,694,406 <sup>(8)</sup>	6.884%
	Beneficial owner	(S)	150,955,566	
	Investment manager	(S)	64,967	
	Sub-total		151,020,533 <sup>(9)</sup>	1.651%

\* (L) represents Long Position, (S) represents Short Position.

Notes:

- (1) Datuk Wira TUNG Ching Bor *D.C.S.M.*'s interests in the Shares are held through High Park Technology Limited, a company incorporated in the BVI with limited liability and wholly-owned by Datuk Wira TUNG Ching Bor *D.C.S.M.* Datuk Wira TUNG Ching Bor *D.C.S.M.* also has 20,952,105 Shares held through a joint account with his spouse, Datin Wira KUNG Sau Wai.
- (2) Pursuant to an agreement dated 31 May 2013 and entered into by Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor *D.C.S.M.*, Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their Shares allotted to them under a conditional distribution in specie, by way of special interim dividend declared on 19 November 2013.
- (3) Mr. LEE Sing Din's interests in the Shares are held through Telerich, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din. Mr. LEE Sing Din also has 2,482,872 Shares held in his own name and 40,788,066 Shares held through a joint account with his spouse, Madam LI Kam Ha.
- (4) Mr. LI Ching Wai's interests in the Shares are held through Goldbo International Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai.
- (5) Mr. SZE Nang Sze's interests in the Shares are held through Goldpine Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.

## Report of the Directors

- (6) Mr. NG Ngan Ho's interests in the Shares are held through Linkall Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. NG Ngan Ho.
- (7) Mr. LI Ching Leung's interests in the Shares are held through Herosmart Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung also has 8,085,886 Shares held in his own name and 476,492 Shares held through his spouse, Madam DY Maria Lumin.
- (8) It included an aggregate interest in 111,404,187 underlying Shares through JPMC's holding of certain unlisted derivatives (physically settled: 5,864,126 Shares; cash settled: 105,540,061 Shares).
- (9) It included an aggregate interest in 15,598,841 underlying Shares through JPMC's holding of certain listed derivatives (cash settled: 42,000 Shares) and unlisted derivatives (physically settled: 11,728,252 Shares; cash settled: 3,828,589 Shares).

Saved as disclosed above, as of 31 December 2025, the Directors were not aware of any other person having an interests or short position in the Shares and the underlying Shares as notified to the Company pursuant to Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

As of 31 December 2025, none of the Directors and their respective associates (as defined in the Listing Rules) or the controlling shareholders (as defined in the Listing Rules) of the Company had any interest in a business, which competes or may compete with the business of the Group.

### DEED OF NON-COMPETITION

The independent non-executive Directors have reviewed the compliance and the enforcement of the deed of non-competition dated 19 November 2013 entered by the Covenantors (as defined therein) in favour of the Company and have not noticed any material non-compliance of such deed by the Covenantors.

### PERMITTED INDEMNITY PROVISIONS

During the FY2025, appropriate insurance covering for the Directors' and senior management's liabilities arising out of activities of the Group has been arranged by the Company. As of the date of this annual report, such insurance covering remained effective.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES (INCLUDING SALE OF TREASURY SHARES)

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares (including sale of treasury shares) in, or debentures of, the Company or any other body corporate and neither the Directors or the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

## MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

Sales	
– the largest customer	12.1%
– five largest customers in aggregate	44.2%
Purchases	
– the largest supplier	9.8%
– five largest suppliers in aggregate	27.5%

None of the Directors, their associates or any shareholder of the Company which, to the best knowledge of the Directors, owned more than 5% of the Company's issued share capital, had any interest in the share capital of the Group's five largest customers and five largest suppliers.

## BORROWINGS

The total borrowings of the Group as of 31 December 2025 amounted to RMB12,168.3 million (2024: RMB11,640.1 million). Particulars of the borrowings are set forth in note 30 to the consolidated financial statements in this annual report.

## REWARD FOR EMPLOYEES

As of 31 December 2025, the Group had about 7,712 full-time employees with 6,306 based in Mainland China and 1,406 in other territories. Remuneration packages offered to the Group's employees are consistent with the prevailing market terms and reviewed on a regular basis. Discretionary bonuses may be rewarded to employees taking into consideration of the Group's performance and the performance of the individual employee. The Directors confirm that the Group maintains good working relationship with its employees and provides training when necessary to keep its employees informed of the latest information on developments of its products and production processes.

## CONNECTED TRANSACTIONS

Details of the related party transaction of the Group for the FY2025 are set forth in note 37 to the consolidated financial statements in this annual report. The related party transactions fall under the definition of connected transactions and continuing connected transactions under the Listing Rules (as disclosed below) have complied with the requirements under Chapter 14A of the Listing Rules. Some of these transactions also constitute "connected transaction" and "non-exempt continuing connected transactions" under Chapter 14A of the Listing Rules, as identified below. Save for the aforementioned, other related party transactions as set out in note 37 to the consolidated financial statements in this annual report were entitled to full exemption from the annual review and disclosure requirements under Chapter 14A of the Listing Rules.

# Report of the Directors

## Connected transactions

### *Change in ownership interests in subsidiaries without loss of control*

During the FY2025, the Group completed the disposals of the below solar farm projects to Xinyi Energy. The disposals were effected pursuant to (i) the solar farm agreement dated 5 December 2018 entered into between the Company and Xinyi Energy and (ii) the sales and purchase agreement dated 28 February 2024 together with the related supplemental agreement entered into between the members of Xinyi Solar (other than the XYE Group) and the members of XYE Group and in accordance with the business delineation between the Company as a solar farm developer and Xinyi Energy as a solar farm operator.

Date of disposal	Company	% of equity interest held		Cash consideration (RMB million)	Approved grid-connected capacity (MW)
		Before disposal	Immediately after disposal		
March 2025	Wuhu Xintu Renewable Energy Limited	100%	51.62%	14.8	30
December 2025	Xinjie Solar (Wuhu) Limited (Note)	100%	50.75%	29.8	100
December 2025	Xinyun Renewable Energy (Yunfu) Limited	100%	50.75%	35.5	100

Note: Xinjie Solar (Wuhu) Limited holds a 100% equity interest in Kaiping City Ruide Renewable Energy Limited, which owns and operates a solar farm with an approved grid-connected capacity of 100 MW, located in Kaiping County, Guangdong Province, PRC.

Xinyi Energy is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules. The above disposals constitute connected transaction of the Company under Chapter 14A of the Listing Rules. For further details, please refer to the Company's announcement dated 28 February 2024.

### *Acquisition of a wind farm project*

On 23 December 2025, Xinyi Solar (Fanchang) Company Limited (信義光能(繁昌)有限公司) ("Xinyi Energy (Fanchang)"), a non-wholly owned subsidiary of Xinyi Solar and a wholly-owned subsidiary of Xinyi Energy, as the purchaser, entered into the equity transfer agreement with Anhui Xinyi Power Source Company Limited (安徽信義電源有限公司) ("XES Anhui Power"), a wholly-owned subsidiary of Xinyi Electric Storage, and Xinyi Energy Smart (Wuhu) Company Limited (信義節能玻璃(蕪湖)有限公司) ("XYG (Wuhu)"), a wholly-owned subsidiary of Xinyi Glass, as the vendors, in relation to the acquisition of equity interest of Xinyi Wind Power (Jinzhai) Company Limited (金寨信義風能有限公司) ("Jinzhai Wind Power") owned by XES Anhui Power and XYG (Wuhu) to Xinyi Energy (Fanchang) at a total consideration of RMB62.0 million. Jinzhai Wind Power is an owner and operator of a wind farm situated at Jinzhai City, Anhui Province with the approved power generating capacity of 64MW.

XYG (Wuhu) and XES Anhui Power are connected persons at issuer level of the Company pursuant to Rule 14A.07 of the Listing Rules and the acquisition of equity interest of Jinzhai Wind Power constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. For further details, please refer to the Company's announcements dated 23 December 2025 and 16 January 2026.

## Continuing connected transactions during the reporting period

During the FY2025, the Group had the following non-exempt continuing connected transactions, details of which are set forth below:

### 1) *Purchase of machineries*

As disclosed in the Company's announcement dated 30 December 2024, the Group entered into a production equipment purchase agreement (the "**2025 Production Equipment Purchase Agreement**") dated 30 December 2024 with Anhui Xinyi Intelligent Machinery Company Limited ("**Anhui Xinyi Machinery**") in relation to the purchase of the production equipment and auxiliary facilities from Anhui Xinyi Machinery by the Group for the FY2025. The purpose of entering into the 2025 Production Equipment Purchase Agreement was to enable the Group to continue to purchase from Anhui Xinyi Machinery the required automation equipment for production purpose.

The annual cap and the actual transaction amounts of the transactions contemplated under the 2025 Production Equipment Purchase Agreement for the FY2025 are RMB168,800,000 and RMB1,186,000, respectively.

Anhui Xinyi Machinery is a non-wholly owned subsidiary of the substantial shareholder of the Company, Xinyi Glass, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the 2025 Production Equipment Purchase Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

### 2) *Solar Farm O&M Agreement*

As disclosed in the Company's announcement dated 31 December 2024, the Company entered into a memorandum (the "**Second Renewal Memorandum**") dated 31 December 2024 with Xinyi Energy, Xinyi Energy and its subsidiaries (collectively the "**Xinyi Energy Group**") to renew the solar farm operation and management agreement (the "**O&M Agreement**") for the three years ending 31 December 2027. Pursuant to the O&M Agreement and the Second Renewal Memorandum, Xinyi Energy Group has agreed to provide solar farm operation and management services to the connection-ready solar farm projects developed or constructed by the Group but excluding Xinyi Energy Group (the "**Remaining Group**"). The purpose of entering into the O&M Agreement and the Second Renewal Memorandum is to facilitate clear business delineation between Xinyi Energy Group and the Remaining Group.

The annual cap and the actual transaction amount of the transactions contemplated under the O&M Agreement and the Second Renewal Memorandum for the FY2025 are RMB15,000,000 and RMB8,930,000, respectively.

Xinyi Energy is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules. Accordingly, the solar farm operation and management services provided by XYE Group constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

## Report of the Directors

### 3) *Rechargeable Battery Packs and Energy Storage Systems*

As disclosed in the Company's announcement dated 31 October 2023, the Group entered into a product sales framework agreement ("**Energy Storage System Agreement**") dated 31 October 2023 with Xinyi Electric Storage Holdings Limited ("**Xinyi Electric Storage**") in relation to the purchase of the rechargeable battery packs and energy storage systems from Xinyi Electric Storage by the Group for the three years ending 31 December 2026. The purpose of entering into the Energy Storage System Agreement is to enable the Group to have in-time supply of the electric products and systems from Xinyi Electric Storage upon such acceptable terms and conditions and assurance on product specifications and quality.

The annual cap and the actual transaction amount of the transactions contemplated under the Energy Storage System Agreement for the FY2025 are RMB110,800,000 and RMB752,000, respectively.

As various Directors of the Company, namely Dr. LEE Yin Yee, S.B.S., Tan Sri Datuk TUNG Ching Sai *J.P.* and Mr. LI Man Yin and their associates are interested in more than 30% in aggregate of the issued share capital of Xinyi Electric Storage, Xinyi Electric Storage is a connected person of the Company under the Listing Rules. Accordingly, the Energy Storage System Agreement constitutes a continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

### 4) *Marine Transportation*

As disclosed in the Company's announcement dated 17 December 2024, the Company entered into a marine transportation agreement (the "**Marine Transportation Agreement**") dated 17 December 2024 with Hong Kong Xinyi Shipping Company Limited ("**Xinyi Shipping**") in relation to the provision of marine transportation services by Xinyi Shipping to the Group commenced on 17 December 2024 and ending on 31 December 2026. The purpose of entering into the Marine Transportation Agreement could enable the Group to secure more cargo space and select the most cost-efficient way of shipment of raw materials, consumables and equipment from suppliers and between the Group's production facilities, and the shipment of solar glass products to target markets.

The annual cap and the actual transaction amounts of the transactions contemplated under the Marine Transportation Agreement for the FY2025 are US\$21,600,000 and US\$3,897,000, respectively.

Xinyi Shipping is a wholly owned subsidiary of the substantial shareholder of the Company, Xinyi Glass, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Marine Transportation Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

All independent non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In accordance with Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions to the Board in accordance with Rule 14A.56 of the Listing Rules and confirming there is nothing has come to their attention that causes them to believe that the continuing connected transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have exceeded the annual cap as set by the Company.

### Continuing connected transactions after the reporting period

The Group had the following non-exempt continuing connected transactions after the reporting period, details of which are set forth below:

#### 1) *Purchase of machineries*

As disclosed in the Company's announcement dated 24 December 2025, the Group entered into a production equipment purchase agreement (the "**2026 Production Equipment Purchase Agreement**") dated 24 December 2025 with Anhui Xinyi Machinery in relation to the purchase of the production equipment and auxiliary facilities from Anhui Xinyi Machinery by the Group for the year ending 31 December 2026. The purpose of entering into the 2026 Production Equipment Purchase Agreement was to enable the Group to purchase from Anhui Xinyi Machinery the required automation equipment for production purpose. The annual cap of the transactions contemplated under the 2026 Production Equipment Purchase Agreement for the year ending 31 December 2026 is RMB107,300,000.

Anhui Xinyi Machinery is a non-wholly owned subsidiary of the substantial shareholder of the Company, Xinyi Glass Holdings Limited, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the 2026 Production Equipment Purchase Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

# Report of the Directors

## 2) Sales of Electricity

As disclosed in the Company's announcement dated 24 December 2025, Xinyi Solar (Hong Kong) Limited ("Xinyi Solar (Hong Kong)") entered into an agreement (the "Electricity Framework Agreement") dated 24 December 2025 with Xinyi Group (Glass) Company Limited ("Xinyi Glass (Hong Kong)") in relation to the sales of electricity by the Group to the Xinyi Glass Group for the year ending 31 December 2026. The purpose of entering into the Electricity Framework Agreement was to enable the Group to realise its investment in the rooftop solar power generation systems by selling part of the electricity so that the overall utilisation of the systems could be increased. The annual cap of the transactions contemplated under the Electricity Framework Agreement for the year ending 31 December 2026 is RMB35,400,000.

Xinyi Glass (Hong Kong) is a substantial shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Electricity Framework Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Directors confirmed that the Company has complied with the applicable code provisions as contained in the CG Code set forth in Part 2 of Appendix C1 to the Listing Rules for the FY2025.

Please refer to section headed "Corporate Governance Report" set forth in pages 24 to 36 this annual report for details of the compliance with the Corporate Governance Code.

## AUDIT COMMITTEE

The Company has established an audit committee, comprising three independent non-executive Directors, with written terms of reference in compliance with the requirements of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to provide comments and give advice to the Board. The audit committee has reviewed the audited financial statements of the Company and audited consolidated financial statements of the Group for the FY2025.

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

During the FY2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

## SUBSEQUENT EVENTS

No significant events have taken place subsequent to 31 December 2025 and up to the date of this annual report.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as of the date of this annual report, the Company has complied with the ongoing public float threshold, representing at least 25% of the ordinary Shares held by the public as required under the Listing Rules. As of the date of this annual report, 49.3% of the ordinary Shares are held by the public.

The capital of the Group comprises only ordinary Shares.

The table below sets forth the Share ownership composition as of the date of this annual report:

	Number of ordinary Shares	%
Controlling Shareholders <sup>(1)</sup>	4,633,305,186	50.7
Public Shareholders	<u>4,513,738,429</u>	<u>49.3</u>
Total	<u>9,147,043,615</u>	<u>100.0</u>

Note:

- (1) Pursuant to an agreement entered into among Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor *D.C.S.M.*, Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. NG Ngan Ho, Mr. LI Man Yin, Mr. SZE Nang Sze and Mr. LI Ching Leung dated 31 May 2013, the parties agreed to grant a right of first offer to the other parties to the agreement if they want to sell their Shares. Each of Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor *D.C.S.M.*, Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. NG Ngan Ho, Mr. LI Man Yin, Mr. SZE Nang Sze and Mr. LI Ching Leung and their respective controlled corporations (as such term is defined under the Listing Rules), as well as Xinyi Group (Glass) Company Limited, Xinyi Glass (BVI) Limited and Xinyi Glass, are the controlling shareholders (the "Controlling Shareholders"). As of the date of this annual report, the Controlling Shareholders held 4,633,305,186 Shares, representing 50.7% of the total number of the Shares in issue.

## AUDITOR

PricewaterhouseCoopers has retired as the auditor of the Company effective from the conclusion of the annual general meeting of the Company held on 30 May 2025. Ernst & Young ("EY") has been appointed as the auditor of the Company following the retirement of PricewaterhouseCoopers effective from the 30 May 2025 and to hold office until the conclusion of the AGM.

The consolidated financial statements of the Group for the FY2025 has been audited by EY who retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the AGM to re-appoint EY and authorise the Directors to fix their remuneration.

# Report of the Directors

## ANNUAL GENERAL MEETING

The AGM will be held on Friday, 29 May 2026, at 21/F, Rykadan Capital Tower, No. 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, at 10:15 a.m. The notice convening the AGM will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.xinyisolar.com](http://www.xinyisolar.com), and will be dispatched to the Shareholders in due course.

The register of members of the Company will be closed from Tuesday, 26 May 2026 to Friday, 29 May 2026, both days inclusive, during which period no transfer of the Shares will be registered. The record date for entitlement to attend and vote at the AGM is Friday, 29 May 2026. In order to determine the entitlement to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 May 2026.

The register of members of the Company will be closed from Thursday, 4 June 2026 to Monday, 8 June 2026, both days inclusive, during which period, no transfer of the Shares will be registered. The record date for entitlement to the proposed final dividend is Monday, 8 June 2026. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 3 June 2026.

On Behalf of the Board

**Dr. LEE Yin Yee, S.B.S.**

*Chairman*

Hong Kong, 27 February 2026

# Independent Auditor's Report



Ernst & Young  
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Quarry Bay, Hong Kong

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To the shareholders of Xinyi Solar Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Xinyi Solar Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 73 to 205, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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.

# Independent Auditor's Report

## Key audit matter

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### *Provision of loss allowance of trade receivables*

As at 31 December 2025, the Group had trade receivables of RMB7,916.5 million against which provisions for expected credit losses of RMB79.8 million are made.

The Group measures the loss allowance for its trade receivables at an amount equal to the lifetime expected credit losses. Expected credit losses are estimated by grouping the receivables based on the shared credit risk characteristics and collectively assessed for the likelihood of recovery and applying expected credit loss rates to the respective gross carrying amounts of the receivables. The expected credit loss rates are determined based on the historical credit losses experience and are adjusted to reflect current and forward-looking information on economic indicators, scenarios and the underlying probability weightings. For trade receivables with significant increases in credit risk, they are assessed for impairment allowance individually.

The provision of loss allowance of trade receivables is identified as a key audit matter because of the trade receivables balance is significant to the Group and significant judgement and estimations are applied in assessing the allowance for expected credit losses.

The related disclosures about the provision of loss allowance of trade receivables are included in Note 3.1(b), Note 4 and Note 21 to the consolidated financial statements.

## How our audit addressed the key audit matter

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Our procedures in relation to the provision of loss allowances of trade receivables included the following:

- we obtained an understanding of management's assessment process of expected credit loss of trade receivables;
- we assessed the appropriateness of the methodology in determining the expected credit losses of trade receivables. We also considered whether the judgements and significant assumptions used by management would give rise to indicators of possible management bias;
- we involved our internal specialists to assist us in evaluating the calculation of expected credit losses prepared by the Group's management, including forward looking adjustment and estimated loss rates;
- we tested, on sample basis, the accuracy and completeness of the data being used in and checked the mathematical accuracy of the calculation of expected credit losses prepared by management; and
- we assessed the adequacy of the disclosures of provision of loss allowances of trade receivables in the consolidated financial statements.

## Key Audit Matter

### *Impairment of property, plant and equipment relating to solar glass production lines and polysilicon factory facilities*

As at 31 December 2025, the carrying amounts of property, plant and equipment of Group's solar glass production lines and polysilicon factory facilities amounted of RMB13,889.0 million and RMB2,531.3 million, respectively, against which impairment losses of RMB724.7 million and RMB1,596.8 million were made during the year, respectively.

As at 31 December 2025, the Group reviewed the solar glass production lines and polysilicon factory facilities whether there were any indicators of impairment. When indicators of impairment were identified, management assessed the recoverable amounts of the solar glass production lines and polysilicon factory facilities. Impairment losses were recognised as an expense in the profit or loss if the carrying amounts of the solar glass production lines and polysilicon factory facilities exceed their recoverable amounts.

The recoverable amounts of solar glass production lines and polysilicon factory facilities were measured at the higher of the fair value less costs of disposal and value in use, which are prepared by the Group's management.

The calculation of the recoverable amounts of the solar glass production lines was measured at fair value less costs of disposal as reference to the estimated selling price using quotes from independent third parties or historical sales prices of comparable assets. The estimations of fair value could be highly subjective, and based on the assessment result, an impairment loss of RMB724.7 million had been recognised by the Group during the year on the solar glass production lines.

## How our audit addressed the Key Audit Matter

Our procedures in relation to the impairment of property, plant and equipment related to solar glass production lines and polysilicon factory facilities included the following:

- we obtained the understanding of management's process of impairment assessment of property, plant and equipment;
- we evaluated the Group's assessment as to whether any impairment indications exists in respect of the property, plant and equipment related to solar glass production lines and polysilicon factory facilities;
- we assessed the reasonableness of the management's quotes from independent third parties or historical selling prices of comparable assets for solar glass production lines;
- we assessed the reasonableness of the management's key assumptions such as revenue growth rates, pre-tax discounted rate applied by management for the preparation of projected cash flows associate with the polysilicon factory facilities;
- we involved our internal specialists to assist us in evaluating the reasonableness of the discount rates applied by management and benchmarked the discount rates applied to other comparable companies in the same industry, where applicable;
- we evaluated the sensitivity of management's estimates and assumptions used in evaluating whether a reasonably possible change in the key assumptions could cause the carrying amounts to exceed their recoverable amounts; and
- we assessed the adequacy of the disclosures of impairment of property, plant and equipment in the consolidated financial statements.

# Independent Auditor's Report

## Key Audit Matter

## How our audit addressed the Key Audit Matter

### *Impairment of property, plant and equipment relating to solar glass production lines and polysilicon factory facilities (continued)*

The calculation of the recoverable amount of polysilicon factory facilities was measured at value-in-use which are based on projected cash flows associated with the polysilicon factory facilities discounted using pre-tax discount rate. The preparation of discounted cash flow forecasts could be highly subjective and required the exercise of significant management judgement and estimation, in particular in determining forecasted revenue growth rates and pre-tax discount rates, and based on the assessment result, an impairment loss of RMB1,596.8 million had been recognised by the Group during the year on the polysilicon factory facilities.

The impairment of property, plant and equipment relating to solar glass production lines and polysilicon factory facilities is identified as a key audit matter because the carrying amounts of these assets are significant to the consolidated financial statements and significant management judgement and estimations are applied in determining the recoverable amounts.

The related disclosures about the impairment of property, plant and equipment are included in Note 4, Note 17 and Note 39 to the consolidated financial statements.

## 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 or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## Independent Auditor's Report

- 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lam Wai Ming, Ada (practising certificate number: P04699).

Ernst & Young  
*Certified Public Accountants*  
Hong Kong

27 February 2026

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	5	20,861,164	21,921,447
Cost of sales	7	(16,400,140)	(18,055,449)
<b>Gross profit</b>		<b>4,461,024</b>	<b>3,865,998</b>
Other income	5	314,294	273,880
Other gains/(losses) – net	6	131,694	(258,434)
Selling and marketing expenses	7	(111,683)	(126,963)
Administrative and other operating expenses	7	(998,980)	(1,019,345)
Impairment losses on property, plant and equipment	17	(2,321,565)	(392,858)
Net impairment losses on financial and contract assets	3.1(b)	(15,954)	(15,563)
<b>Operating profit</b>		<b>1,458,830</b>	<b>2,326,715</b>
Finance income	10	18,336	23,279
Finance costs	10	(339,702)	(432,107)
Share of results of investments accounted for using the equity method	16	14,367	17,411
<b>Profit before income tax</b>		<b>1,151,831</b>	<b>1,935,298</b>
Income tax expense	11	(492,262)	(526,227)
<b>Profit for the year</b>		<b>659,569</b>	<b>1,409,071</b>
<b>Profit/(Loss) for the year attributable to:</b>			
– the equity holders of the Company		844,525	1,008,233
– non-controlling interests		(184,956)	400,838
		<b>659,569</b>	<b>1,409,071</b>
<b>Earnings per share attributable to the equity holders of the Company</b> (Expressed in RMB cents per share)			
– Basic and diluted	12	9.29	11.27

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
<b>Profit for the year</b>		<b>659,569</b>	<b>1,409,071</b>
<b>Other comprehensive income/(loss) for the year, net of tax:</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences		<u>(313,710)</u>	<u>207,573</u>
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences of foreign operations		<b>381,321</b>	<b>33,460</b>
Share of other comprehensive (loss)/income of investments accounted for using the equity method			
– Share of currency translation differences	16	<b>(1,703)</b>	<b>1,615</b>
Reclass of exchange reserves upon disposal of subsidiaries	32	<b>24,086</b>	<b>—</b>
		<u><b>403,704</b></u>	<u><b>35,075</b></u>
Other comprehensive income for the year		<b>89,994</b>	<b>242,648</b>
<b>Total comprehensive income for the year</b>		<b>749,563</b>	<b>1,651,719</b>
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
– the equity holders of the Company		<b>924,342</b>	<b>1,322,477</b>
– non-controlling interests		<b>(174,779)</b>	<b>329,242</b>
		<u><b>749,563</b></u>	<u><b>1,651,719</b></u>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

As at 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	32,768,593	36,167,785
Right-of-use assets	18	2,191,182	2,175,439
Intangible assets	19	26,437	29,346
Prepayments for land use rights and property, plant and equipment	23	474,102	415,867
Finance lease receivables	24	150,109	167,974
Investments accounted for using the equity method	16	751,529	244,455
Deferred tax assets	31	320,603	168,677
<b>Total non-current assets</b>		<b>36,682,555</b>	<b>39,369,543</b>
<b>Current assets</b>			
Inventories	20	1,735,154	2,856,039
Trade receivables	21	7,836,661	8,541,364
Bills receivables at amortised cost	21	2,811,663	3,046,843
Bills receivables at fair value through other comprehensive income	21, 3.3(a)	1,118,858	280,756
Contract assets	22	30,667	33,321
Financial assets at fair value through profit or loss	3.3(a)	68,561	58,243
Prepayments, deposits and other receivables	23	1,274,812	1,494,623
Finance lease receivables	24	12,216	11,881
Current tax assets		7,109	204,030
Amounts due from related companies	37	1,027	887
Amounts due from investments accounted for using the equity method	37	24,980	62,421
Loans to investments accounted for using the equity method	37	154,342	—
Restricted cash	25	22,204	19,589
Fixed bank deposits	25	149,000	131,338
Cash and cash equivalents	25	4,986,259	821,606
<b>Total current assets</b>		<b>20,233,513</b>	<b>17,562,941</b>
<b>Total assets</b>		<b>56,916,068</b>	<b>56,932,484</b>
<b>Equity</b>			
<b>Equity attributable to the equity holders of the Company</b>			
Share capital	26	745,108	738,830
Share premium and other reserves	28	10,525,855	10,148,435
Retained earnings		18,560,880	18,164,525
		29,831,843	29,051,790
Non-controlling interests		5,104,516	5,356,082
<b>Total equity</b>		<b>34,936,359</b>	<b>34,407,872</b>

# Consolidated Statement of Financial Position

As at 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Other payables	29	666,063	701,967
Borrowings	30	6,972,273	5,496,799
Lease liabilities	18	887,732	831,625
Deferred tax liabilities	31	201,827	150,349
<b>Total non-current liabilities</b>		<b>8,727,895</b>	<b>7,180,740</b>
<b>Current liabilities</b>			
Borrowings	30	5,196,002	6,143,255
Trade, bills and other payables	29	5,818,613	7,132,305
Contract liabilities	22	90,343	79,421
Lease liabilities	18	63,660	71,716
Amounts due to related companies	37	1,896,987	1,852,132
Current tax liabilities		186,209	65,043
<b>Total current liabilities</b>		<b>13,251,814</b>	<b>15,343,872</b>
<b>Total liabilities</b>		<b>21,979,709</b>	<b>22,524,612</b>
<b>Total equity and liabilities</b>		<b>56,916,068</b>	<b>56,932,484</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 73 to 205 were approved by the Board of Directors on 27 February 2026 and were signed on its behalf.

LEE Yin Yee, S.B.S.  
Chairman and Non-Executive Director

LEE Shing Put, B.B.S.  
Vice Chairman, Chief Executive Officer and Executive Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to the equity holders of the Company						Total equity RMB'000
	Share capital (Note 26) RMB'000	Share premium (Note 28) RMB'000	Other reserves (Note 28) RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2025	738,830	5,595,254	4,553,181	18,164,525	29,051,790	5,356,082	34,407,872
<b>Comprehensive income</b>							
Profit/(Loss) for the year	—	—	—	844,525	844,525	(184,956)	659,569
<b>Other comprehensive income</b>							
Currency translation differences	—	—	57,434	—	57,434	10,177	67,611
Share of other comprehensive loss of investments accounted for using the equity method	—	—	(1,703)	—	(1,703)	—	(1,703)
Reclass of exchange reserves upon disposal of a subsidiary	—	—	24,086	—	24,086	—	24,086
<b>Total comprehensive income/(loss) for the year</b>	—	—	79,817	844,525	924,342	(174,779)	749,563
<b>Transactions with owners</b>							
Employees' share option scheme:							
– value of employee services (Note 8)	—	—	17,536	—	17,536	(307)	17,229
– release upon the lapse of share options	—	—	(1,833)	946	(887)	887	—
Capital contributions from non-controlling interests (Note 15)	—	—	—	—	—	723	723
Issuance of shares in respect of scrip dividend of 2025 interim dividend	6,278	216,598	—	(27,051)	195,825	—	195,825
Dividend:							
– 2025 interim dividend (Note 13)	—	—	—	(349,114)	(349,114)	—	(349,114)
Dividend paid to non-controlling interests (Note 15)	—	—	—	—	—	(73,168)	(73,168)
Disposal of equity interests in subsidiaries	—	—	—	—	—	(5,998)	(5,998)
Appropriation to statutory reserves	—	—	178,218	(178,218)	—	—	—
Net movement of safety fund surplus reserve	—	—	7,898	(7,898)	—	—	—
Transfer of reserves upon disposal of subsidiaries	—	—	(113,165)	113,165	—	—	—
Changes in ownership interest in subsidiaries without loss of control (Note 15)	—	—	(7,649)	—	(7,649)	1,076	(6,573)
<b>Balance at 31 December 2025</b>	<b>745,108</b>	<b>5,811,852</b>	<b>4,714,003</b>	<b>18,560,880</b>	<b>29,831,843</b>	<b>5,104,516</b>	<b>34,936,359</b>

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to the equity holders of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	(Note 26)	(Note 28)	(Note 28)	earnings			equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2024</b>	723,002	6,294,092	3,897,767	18,223,203	29,138,064	5,357,035	34,495,099
<b>Comprehensive income</b>							
Profit for the year	—	—	—	1,008,233	1,008,233	400,838	1,409,071
<b>Other comprehensive income</b>							
Currency translation differences	—	—	312,629	—	312,629	(71,596)	241,033
Share of other comprehensive income of investments accounted for using the equity method	—	—	1,615	—	1,615	—	1,615
<b>Total comprehensive income for the year</b>	—	—	314,244	1,008,233	1,322,477	329,242	1,651,719
<b>Transactions with owners</b>							
Employees' share option scheme:							
– exercise of employees' share options	612	32,480	(6,236)	—	26,856	—	26,856
– value of employee services (Note 8)	—	—	4,908	—	4,908	(578)	4,330
Issuance of shares in respect of scrip dividend of 2023 final dividend and 2024 interim dividend	15,216	505,865	—	(40,143)	480,938	—	480,938
Dividend:							
– 2023 final dividend	—	(1,237,183)	—	—	(1,237,183)	—	(1,237,183)
– 2024 interim dividend (Note 13)	—	—	—	(827,585)	(827,585)	—	(827,585)
Dividend paid to non-controlling interests	—	—	—	—	—	(140,039)	(140,039)
Appropriation to statutory reserves	—	—	188,820	(188,820)	—	—	—
Net movement of safety fund surplus reserve	—	—	10,363	(10,363)	—	—	—
Acquisition of additional interest in a subsidiary	—	—	695	—	695	(9,740)	(9,045)
Changes in ownership interest in subsidiaries without loss of control	—	—	142,620	—	142,620	(179,838)	(37,218)
<b>Balance at 31 December 2024</b>	738,830	5,595,254	4,553,181	18,164,525	29,051,790	5,356,082	34,407,872

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	33(a)	6,307,189	2,662,562
Interest paid		(361,202)	(476,745)
Income taxes paid		(289,745)	(950,700)
Net cash generated from operating activities		5,656,242	1,235,117
<b>Cash flows from investing activities</b>			
Payments for acquisition of right-of-use assets		(84,574)	(99,044)
Receipts of government grants relating to property, plant and equipment		296,209	48,000
Net proceeds from disposal of subsidiaries		498,671	—
Payments for purchase of property, plant and equipment		(2,446,871)	(4,602,479)
Payments for purchase of intangible assets		—	(3,711)
Proceeds from disposal of property, plant and equipment	33(c)	138,278	27,642
Advance to investments accounted for using the equity method		—	(2,235)
Loan to investments accounted for using the equity method		(154,342)	—
Addition to investments accounted for using the equity method	16	—	(672)
Net (payments)/proceeds from financial assets at FVPL		(561)	6,957
Interest received		18,336	23,279
Decrease in restricted cash pledged for letter of guarantees and bank acceptance bills		3,235	935,603
Placement of fixed bank deposits		(17,662)	(131,338)
Dividend received from investment accounted for using equity method		—	28,794
Net cash used in investing activities		(1,749,281)	(3,769,204)

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
<b>Cash flows from financing activities</b>			
Payment for acquisition of shares of non-controlling interest		—	(9,045)
Capital contribution from non-controlling interest	15	723	—
Proceeds from exercise of employees' options		—	26,856
Proceeds from borrowings		7,567,830	13,493,112
Repayment of borrowings		(7,891,189)	(11,241,190)
Net proceeds from fixed rate bonds		799,040	—
Principal portion of lease payments	18	(61,273)	(57,590)
Dividends paid to shareholders of the Company		(153,289)	(1,583,830)
Dividend paid to non-controlling interests	15	(73,168)	(140,039)
Cash advances from non-controlling interests		72,119	578,926
Repayments of amounts due to non-controlling interests		—	(294,242)
Net cash generated from financing activities		260,793	772,958
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		821,606	2,572,275
Effect of foreign exchange rate changes		(3,101)	10,460
<b>Cash and cash equivalents at end of year</b>	25	<b>4,986,259</b>	<b>821,606</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

Xinyi Solar Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) are principally engaged in the production and international sale of solar glass products, through the production complexes located in the People’s Republic of China (the “PRC”) and Malaysia. In addition, the Group is also engaged in the development and operation of renewable energy generation business in the PRC.

The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report. The Company is a limited liability company incorporated in the Cayman Islands. The shares of the Company are listed on The Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## 2. BASIS OF PREPARATION

### (a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622.

These consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss (“FVPL”), or other comprehensive income (“FVOCI”) which have been measured at fair value.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. BASIS OF PREPARATION (Continued)

### (b) Amendments to standards adopted by the Group

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

Amendments to HKAS 21 *Lack of Exchangeability*

The nature and the impact of the revised HKFRS Accounting Standards are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. Where applicable, the amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, investments accounted for using the equity method for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

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

### (c) New and amended standards but not yet adopted by the Group

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements for the year ended 31 December 2025. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>1</sup></i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>1</sup></i>
Annual Improvements to HKFRS Accounting Standards – Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7<sup>1</sup></i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>2</sup></i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures<sup>2</sup></i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency<sup>2</sup></i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

## 2. BASIS OF PREPARATION (Continued)

### (c) New and amended standards but not yet adopted by the Group (Continued)

Except as described below, these new and amended standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

### 3.1 Financial risk factors

The Group's activities expose it to various types of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

### 3.1 Financial risk factors (Continued)

#### (a) Market risk

##### (i) Foreign exchange risk

The Group mainly operates internationally and is exposed to foreign exchange risk primarily arising from RMB, Hong Kong dollar (“HK\$”), US dollar (“US\$”) and Malaysian Ringgit (“MYR”), some of which are not the functional currencies of respective operating subsidiaries within the Group. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations, mainly as a result of translation of trade receivables, cash and cash equivalents and borrowings. Details of the Group’s trade receivables, cash and cash equivalents and borrowings are disclosed in Note 21, Note 25 and Note 30.

The Group manages its foreign exchange risks by performing regular reviews when considered necessary. For subsidiaries with functional currency in HK\$, they are not subject to significant foreign exchange risk for transactions conducted in US\$ given the pegged exchange rate between HK\$ and US\$.

Functional currency	Foreign currency	At 31 December 2025		At 31 December 2024	
		Hypothetical appreciation/ (depreciation) in foreign currencies against functional currencies	Positive/ (negative), (negative)/positive effect on profit after income tax RMB’000	Hypothetical appreciation/ (depreciation) in foreign currencies against functional currencies	Positive/ (negative), (negative)/positive effect on profit after income tax RMB’000
RMB	US\$	+/- 5%	2,876/(2,876)	+/- 5%	2,052/(2,052)
MYR	US\$	+/- 5%	24,032/(24,032)	+/- 5%	9,765/(9,765)
HK\$	RMB	+/- 5%	(98,364)/98,364	+/- 5%	(165,964)/165,964

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

#### 3.1 Financial risk factors (Continued)

(a) *Market risk* (Continued)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk is mainly attributable to its cash at bank, fixed bank deposits, restricted cash and borrowings. Except for cash at bank, fixed bank deposits, restricted cash and borrowings with fixed or variable interest, the Group has no other significant interest-bearing assets or liabilities. Borrowings at variable rates expose the Group to cash flow interest rate risk. Other financial assets and liabilities at fixed rates expose the Group to fair value interest rate risk. Details of the Group's cash at bank, fixed bank deposits, restricted cash and borrowings have been disclosed in Note 25 and Note 30 to the consolidated financial statements.

As at 31 December 2025, if interest rates on cash at bank, fixed bank deposits, restricted cash and borrowings had been 25 basis points higher/lower with all other variables held constant, profit after income tax for the year would have been approximately RMB11,856,000 (2024: RMB21,228,000) lower/higher mainly as a result of higher/lower net interest expense being incurred.

(b) *Credit risk*

The Group's credit risk arises from cash at bank, fixed bank deposits, restricted cash, bills receivables at amortised cost and at FVOCI, trade and other receivables, finance lease receivables, contract assets, amounts due from related companies, amounts due from investments accounted for using the equity method and loans to investments accounted for using the equity method.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

The carrying amounts of these balances and the relevant expected credit losses have been recognised in consolidated statement of profit or loss as follows:

	Carrying amount		(Recognition)/Reversal of expected credit losses	
	RMB'000		RMB'000	
	2025	2024	2025	2024
Trade and other receivables excluding prepayments and other tax receivables	7,913,420	8,612,043	(13,535)	(16,229)
Bills receivables at amortised cost and at FVOCI (Note 21)	3,930,521	3,327,599	1,601	709
Contract assets (Note 22)	30,667	33,321	214	32
Finance lease receivables (Note 24)	162,325	179,855	(4,237)	(96)
Amounts due from related companies (Note 37(b))	1,027	887	3	21
Amounts due from investments accounted for using the equity method (Note 37(b))	24,980	62,421	—	—
Loans to investments accounted for using the equity method (Note 37(b))	154,342	—	—	—
Cash at bank, fixed bank deposits and restricted cash (Note 25)	5,157,414	972,419	—	—
<b>Total</b>	<b>17,374,696</b>	<b>13,188,545</b>	<b>(15,954)</b>	<b>(15,563)</b>

The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

#### 3.1 Financial risk factors (Continued)

(b) *Credit risk* (Continued)

(i) Risk management

The Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In order to minimise the credit risks, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate provisions for impairment losses are made for irrecoverable amounts. Depending on the customer's credit worthiness and historical relationship with the Group, the Group may require cash payment before delivery of products, and record such receipts as advances from customers.

The Group grants extended credit terms to customers with overall creditworthiness, as determined by its credit assessment. For customers to whom credit terms are extended, the Group assesses a number of factors to determine whether collection from them is reasonably assured, including past transaction history with them and their creditworthiness. In this regard, the directors consider that the Group's credit risk is significantly reduced.

(ii) Impairment of financial assets

The Group has the following financial assets that are subject to the expected credit loss model:

- cash at bank, fixed bank deposits and restricted cash;
- trade receivables, including sales of solar glass, sales of electricity and provision of engineering, procurement and construction ("EPC") services;
- contract assets;
- finance lease receivables;
- bills receivables at amortised cost and at FVOCI;
- deposits and other receivables;
- amounts due from related companies;
- amounts due from investments accounted for using the equity method; and
- loans to investments accounted for using the equity method.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (continued)

###### *Cash at bank, fixed bank deposits and restricted cash*

As at 31 December 2025 and 2024, most of the bank deposits are deposited with reputable banks in the PRC, Malaysia, Indonesia and Hong Kong. The credit quality of cash at bank, fixed bank deposits and restricted cash has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past. Therefore, expected credit loss rates of cash at bank, fixed bank deposits and restricted cash are assessed to be close to zero and no provision was made as at 31 December 2025 and 2024.

###### *Trade receivables, bills receivables and contract assets*

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables, bills receivables and contract assets.

To measure the expected credit losses, trade receivables, bills receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress. Therefore, contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the loss allowance for its trade receivables and bills receivables at an amount equal to the lifetime expected credit losses. Expected credit losses are estimated by grouping the receivables based on the shared credit risk characteristics and collectively assessed for the likelihood of recovery and applying expected credit loss rates to the respective gross carrying amounts of the receivables. The expected credit loss rates are determined based on the historical credit losses experience and are adjusted to reflect current and forward-looking information on economic indicators, scenarios and the underlying probability weightings. For trade receivables and bills receivables with significant increases in credit risk, they are assessed for impairment allowance individually. The Group has adjusted the historical loss rates based on expected changes in the macroeconomic factors such as GDP.

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### *Trade receivables, bills receivables and contract assets (Continued)*

Trade receivables, bills receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period beyond normal operating cycle. Impairment losses on trade receivables, bills receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The majority of bills receivables were issued from banks in the PRC. The credit quality of bills receivables has been assessed by management with reference to external credit ratings. Due to the change of macro-economic condition during the year of 2025, the management reassess the credit condition of the banks.

The Group classifies its trade receivables by nature of sales.

##### Sales of solar glass

The credit periods of the majority of the trade receivables from sales of solar glass are generally within 90 days and largely comprise amounts receivable from corporate customers. The trade receivables have been grouped based on shared credit risk characteristics and ageing profiles. The lifetime expected credit loss allowance is measured based on past settlement history and the historical default rates over the expected life of the trade receivables with similar credit risk characteristics adjusted with current and forward-looking information on macroeconomic factors that affects the ability of the customers to settle the receivables. For the trade receivables with significant increases in credit risk, they are assessed for impairment allowance individually. For the remaining balances, they were assessed on a collective basis.

At 31 December 2025	Expected credit loss rate	Gross carrying amounts RMB'000	Loss allowance RMB'000
Provision on individual basis	92.71%	28,209	26,153
Provision on collective basis	0.07%	2,973,004	2,228
		3,001,213	28,381

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

*Trade receivables, bills receivables and contract assets (Continued)*

*Sales of solar glass (Continued)*

	Expected credit loss rate	Gross carrying amounts RMB'000	Loss allowance RMB'000
At 31 December 2024	loss rate	RMB'000	RMB'000
Provision on individual basis	86.45%	17,742	15,338
Provision on collective basis	0.08%	3,616,965	2,782
		3,634,707	18,120

The Group applied a simplified approach to calculate the expected losses. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

#### Sales of electricity

Trade and tariff adjustment receivables arising from sales of electricity were all due from state-owned enterprises. Receivables from sales of electricity were usually settled on a monthly basis by the state grid companies. For tariff adjustment receivables, they are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance.

The Ministry of Finance does not set out a rigid timetable for the settlement of tariff adjustment receivables. As the collection of tariff adjustment receivables is expected in the normal operating cycle, they are classified as current assets. As at 31 December 2025, the directors have reassessed the historical default rates and the macroeconomic factors. On that basis, the loss allowances of RMB49,020,000 (2024: RMB49,575,000) were recognised for sales of electricity and tariff adjustment receivables amounting to RMB4,904,806,000 (2024: RMB4,958,577,000) with an expected credit loss rate of 1% (2024: 1%).

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### *Trade receivables, bills receivables and contract assets (Continued)*

##### *Revenue from EPC services*

Other service revenue includes construction contracts revenue from EPC services that is normally settled by instalments in accordance with the terms specified in the contracts governing the relevant EPC works. The payment terms of EPC contract are considered on a case-by-case basis and set out in the EPC contract.

Trade receivables and contract assets arising from EPC services were due from third parties. For the trade receivables with significant increases in credit risk, they are assessed for impairment allowance individually. For the remaining balances, they were assessed on a collective basis.

	Expected credit loss rate	Gross carrying amounts RMB'000	Loss allowance RMB'000
<b>At 31 December 2025</b>			
Provision on collective basis	23.12%	10,462	2,419
<b>At 31 December 2024</b>			
Provision on collective basis	11.01%	17,726	1,951

The sales to the top five customers constituted approximately 44% (2024: 49%) of the Group's total sales. They accounted for approximately 57% (2024: 53%) of the gross trade receivables balances as at 31 December 2025.

##### *Finance lease receivables*

The Group applied the simplified approach to recognise lifetime expected credit loss for finance lease receivables. Expected credit loss rate of the finance lease receivables is assessed to be 3.52% (2024: 0.90%) and allowance provision of RMB4,237,000 was provided during the year ended 31 December 2025 (2024: RMB96,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

The closing loss allowances for trade receivables, contract assets, finance lease receivables and bills receivables at amortised cost of the Group as at 31 December 2025 and 2024 reconciled to the opening loss allowances as follows:

	Trade receivables RMB'000	Contract assets RMB'000	Finance lease receivables RMB'000	Bills receivables at amortised cost RMB'000	Total RMB'000
Loss allowance as at 1 January 2025	69,646	435	1,637	3,420	75,138
Provision/(Reversal) of loss allowance recognised in consolidated statement of profit or loss – net	13,378	(214)	4,237	(1,801)	15,600
Derecognition upon disposal of subsidiary	(3,056)	—	—	—	(3,056)
Receivables written off during the year as uncollectible	(169)	—	—	—	(169)
Currency translation differences	21	—	52	—	73
Loss allowance as at 31 December 2025	79,820	221	5,926	1,619	87,586

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

#### 3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

	Trade receivables RMB'000	Contract assets RMB'000	Finance lease receivables RMB'000	Bills receivables at amortised cost RMB'000	Total RMB'000
Loss allowance as at					
1 January 2024	52,665	467	1,634	3,920	58,686
Provision/(Reversal) of loss allowance recognised in consolidated statement of profit or loss – net	17,587	(32)	96	(500)	17,151
Receivables written off during the year as uncollectible	(2,053)	—	—	—	(2,053)
Currency translation differences	1,447	—	(93)	—	1,354
Loss allowance as at 31 December 2024	69,646	435	1,637	3,420	75,138

Except for the above impairment losses, loss allowance provision for bills receivables at FVOCI of RMB200,000 has been recognised in consolidated statement of profit or loss in 2025 (2024: provision of RMB209,000 was reversed).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### *Other financial assets at amortised costs*

Other financial assets at amortised cost include amounts due from related companies, amounts due from investments accounted for using the equity method, loans to investments accounted for using the equity method, and other receivables excluding prepayments and other tax receivables.

The Group also considered the forward-looking information on macroeconomic factors including GDP.

Provision of expected credit losses against other financial assets at amortised costs is as follows:

At 31 December 2025	Average expected credit loss rate	Gross carrying amounts RMB'000	Loss allowance RMB'000
Deposits and other receivables (Note 23)	1.43%	77,876	1,117
Amounts due from related companies (Note 37(b))	0.39%	1,031	4
Amounts due from investments accounted for using the equity method (Note 37(b))	0.00%	24,980	—
Loans to investments accounted for using the equity method (Note 37(b))	0.00%	154,342	—
	0.43%	258,229	1,121

  

At 31 December 2024	Average expected credit loss rate	Gross carrying amounts RMB'000	Loss allowance RMB'000
Deposits and other receivables (Note 23)	2.58%	72,554	1,875
Amounts due from related companies (Note 37(b))	0.78%	894	7
Amounts due from investments accounted for using the equity method (Note 37(b))	0.00%	62,421	—
	1.39%	135,869	1,882

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### *Other financial assets at amortised costs (Continued)*

The Group management considered expected credit losses of amount due from investments accounted for using the equity method is immaterial to financial statements as most of them are dividend receivables.

The closing loss allowance for other financial assets at amortised costs reconciles to the opening loss allowance as follows:

	2025 RMB'000	2024 RMB'000
Opening loss allowance	1,882	3,261
Provision/(Reversal) of loss allowance recognised in consolidated statement of profit or loss – net	154	(1,379)
Receivables written off during the year as uncollectible	(907)	—
Currency translation differences	(8)	—
Closing loss allowance	1,121	1,882

##### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Group maintains liquidity by a number of means including orderly realisation of short-term financial assets, receivables and certain assets that the Group considers appropriate. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's available cash and other credit lines available. The Group monitors rolling forecasts of its working capital which comprises cash and cash equivalents and borrowing facilities on the basis of expected cash flow.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interests payments computed using contractual rates, or if floating, based on the current rates at the year-end date). Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. The maturity analysis for other borrowings is prepared based on the scheduled repayment dates. Borrowings associated with transferred bills receivables are excluded from the analyses as the underlying obligations are expected to be fulfilled through the maturity of transferred bills receivable rather than by cash payments, details of borrowings related to transferred bills receivables are disclosed in Note 30(c). Balances due within 12 months approximate their carrying balances as the impact of discounting is not significant.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

### 3.1 Financial risk factors (Continued)

#### (c) Liquidity risk (Continued)

	On demand or less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 31 December 2025</b>					
Trade, bills and other payables					
excluding non-financial liabilities	5,523,078	536,063	—	—	6,059,141
Borrowings	5,040,378	1,743,165	2,826,913	3,124,685	12,735,141
Lease liabilities	66,525	14,034	302,938	1,256,996	1,640,493
Amounts due to related companies	1,896,987	—	—	—	1,896,987
<b>Total</b>	<b>12,526,968</b>	<b>2,293,262</b>	<b>3,129,851</b>	<b>4,381,681</b>	<b>22,331,762</b>
	On demand or less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>At 31 December 2024</b>					
Trade, bills and other payables					
excluding non-financial liabilities	6,867,353	571,967	—	—	7,439,320
Borrowings	6,451,645	1,017,254	2,489,482	2,761,887	12,720,268
Lease liabilities	52,831	24,104	279,995	1,128,001	1,484,931
Amounts due to related companies	1,852,132	—	—	—	1,852,132
<b>Total</b>	<b>15,223,961</b>	<b>1,613,325</b>	<b>2,769,477</b>	<b>3,889,888</b>	<b>23,496,651</b>

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

#### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of equity and borrowings. In order to maintain or adjust the capital structure, the Group will consider the macro-economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generating from operations.

The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce borrowings, and repurchase its own shares when the Company's shares are trading at a discount to the expected net assets value per share, as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated statement of financial position) less cash and cash equivalents, fixed bank deposits and restricted cash.

The gearing ratios at 31 December 2025 and 2024 were as follows:

	2025 RMB'000	2024 RMB'000
Total borrowings (Note 30)	12,168,275	11,640,054
Less: Cash and cash equivalents, fixed bank deposits and restricted cash (Note 25)	(5,157,463)	(972,533)
Net debt	7,010,812	10,667,521
Total equity	34,936,359	34,407,872
Gearing ratio	20.1%	31.0%

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

### 3.3 Fair value estimation

#### (a) Fair value hierarchy

The carrying values of financial instruments measured at fair value at the end of the reporting period are categorised among the three levels of the fair value hierarchy defined in HKFRS 13, "Fair value Measurement", with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

#### 3.3 Fair value estimation (Continued)

(a) *Fair value hierarchy* (Continued)

The following table presents the Group's financial assets that are measured at fair values at 31 December 2025 and 31 December 2024:

	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>At 31 December 2025</b>					
Bills receivables at FVOCI	21	—	—	1,118,858	1,118,858
Financial assets at FVPL		—	—	68,561	68,561
		—	—	1,187,419	1,187,419
<b>At 31 December 2024</b>					
Bills receivables at FVOCI	21	—	—	280,756	280,756
Financial assets at FVPL		—	—	58,243	58,243
		—	—	338,999	338,999

There were no transfers among level 1, 2 and 3 during the year ended 31 December 2025 (2024: nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

### 3.3 Fair value estimation (Continued)

#### (a) Fair value hierarchy (Continued)

The following table presents the changes in level 3 items for the years ended 31 December 2025 and 31 December 2024:

	Bills receivables at FVOCI RMB'000	Securities private fund product RMB'000	Wealth management products RMB'000	Total RMB'000
Opening balance as at 1 January 2025	280,756	58,243	—	338,999
Acquisitions	6,736,006	—	10,825,853	17,561,859
Disposals/settlement	(5,879,203)	—	(10,840,002)	(16,719,205)
Amounts recognised in consolidated profit or loss				
– Fair value change (Note 6)	—	10,318	14,149	24,467
– Expected credit losses	(200)	—	—	(200)
– Losses on disposal of bills receivables at FVOCI (Note 6)	(18,501)	—	—	(18,501)
Closing balance as at 31 December 2025	1,118,858	68,561	—	1,187,419

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

#### 3.3 Fair value estimation (Continued)

##### (a) Fair value hierarchy (Continued)

The following table presents the changes in level 3 items for the years ended 31 December 2025 and 31 December 2024: (Continued)

	Bills receivables at FVOCI RMB'000	Securities private fund product RMB'000	Wealth management products RMB'000	Total RMB'000
<b>Opening balance as at</b>				
1 January 2024	467,088	50,847	—	517,935
Acquisitions	7,523,772	—	5,661,480	13,185,252
Disposals/settlement	(7,663,810)	—	(5,668,437)	(13,332,247)
Amounts recognised in consolidated profit or loss				
– Fair value change (Note 6)	—	7,396	6,957	14,353
– Expected credit losses	209	—	—	209
– Losses on disposal of bills receivables at FVOCI (Note 6)	(46,503)	—	—	(46,503)
<b>Closing balance as at</b>				
31 December 2024	280,756	58,243	—	338,999

Save as the forementioned bills receivables at FVOCI and financial asset at FVPL, the Group's financial instruments recognised in the consolidated statement of financial position are mainly cash and cash equivalents, fixed bank deposits, restricted cash, trade and other receivables, finance lease receivables, amounts due from related companies, amounts due from investments accounted for using the equity method, loans to investments accounted for using the equity method, borrowings and other financial liabilities carried at amortised cost. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivables and payables is either close to current market rates or the instruments are short-term in nature.

During the years ended 31 December 2025 and 2024, the Group invested in financial assets at FVPL included wealth management products sponsored and managed by banks and a securities private fund product managed by a securities firm. Securities private fund product and wealth management products are mandatorily classified as financial assets at FVPL as their contractual cash flows are not solely payments of principal and interest. The Group reports its investing cash flows arising from wealth management products and securities private fund product on a gross basis, except for cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

### 3.3 Fair value estimation (Continued)

#### (b) Valuation inputs and relationships to fair value

Valuation of level 3 instruments for financial reporting purpose is carried out on a case-by-case basis. The Group assesses the fair value of the level 3 instruments by using valuation techniques. Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments or recent prices of similar financial assets in less active markets, adjusted to reflect those differences,
- for other financial instruments - discounted cash flow analysis.

Quantitative information about fair value measurement using significant unobservable inputs (Level 3) is as follows:

Description	Fair value at 31 December 2025 RMB'000	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Bills receivables at FVOCI	1,118,858	Discounted cash flow method	Discount rate	0.30%-1.80%	The higher the discount rate, the lower the fair value, and vice versa
Financial assets at FVPL – Wealth management products	—	Discounted cash flow method	Expected rate of return	0.71%-2.34%	The higher the expected rate of return, the higher the fair value, and vice versa
Financial assets at FVPL – Securities private fund product	68,561	Discounted cash flow method	Expected rate of return	14.82%	The higher the expected rate of return, the higher the fair value, and vice versa

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

#### 3.3 Fair value estimation (Continued)

(b) *Valuation inputs and relationships to fair value* (Continued)

Quantitative information about fair value measurement using significant unobservable inputs (Level 3) is as follows: (Continued)

Description	Fair value at 31 December 2024 RMB'000	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Bills receivables at FVOCI	280,756	Discounted cash flow method	Discount rate	0.40%-2.15%	The higher the discount rate, the lower the fair value, and vice versa
Financial assets at FVPL – Wealth management products	—	Discounted cash flow method	Expected rate of return	1.05%-2.65%	The higher the expected rate of return, the higher the fair value, and vice versa
Financial assets at FVPL – Securities private fund product	58,243	Discounted cash flow method	Expected rate of return	14.79%	The higher the expected rate of return, the higher the fair value, and vice versa

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Judgements

In the process of applying the Group's accounting policies, the Group has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### (a) *Revenue recognition on tariff adjustment*

Revenue arising from tariff adjustment represents subsidy received and receivable from the sales of electricity pursuant to the prevailing government policies and is recognised when the Group comply with all the requirements and conditions as required under the prevailing government policies and regulations for entitlement of the tariff adjustment. The tariff adjustment is measured based on the difference between the feed-in-tariff regime and the revenue from sales of electricity. Management exercised judgement when interpreting the relevant prevailing policies and regulations in relation to the determination of tariff adjustment.

### Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) *Impairment of trade receivables, other receivables and contract assets*

The Group makes provision for loss allowance of trade receivables, other receivables and contract assets based on assumptions about risk of default and expected credit loss rate. The Group uses judgement in making these assumptions and selecting the inputs to the loss allowance calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### Estimation uncertainty (Continued)

#### (b) *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial 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 to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or 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.

#### (c) *Current and deferred income tax*

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes and the timing of the related payments. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax liabilities have not been established for the withholding taxation that would be payable on the undistributed profits of certain subsidiaries which were under certain jurisdictions as the directors consider that the timing of the reversal of related temporary differences can be controlled and that is probable that the temporary differences will not reverse in the foreseeable future (Note 31).

Deferred income tax assets relating to certain temporary differences, tax losses and tax credit are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Investment tax allowance ("ITA") is entitled by a subsidiary of the Group in Malaysia on its qualifying capital expenditure incurred, which can be utilised against its assessable profit. ITA is subject to the fulfilment of certain conditions and the Group has made its best estimate, based on the assumption that it will comply with all the conditions imposed upon the fulfilment deadline for the ITA to be claimed. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the year in which such estimate is changed.

#### (d) *Impairment provision for inventories*

The estimation of impairment provision for inventories involves significant management judgement based on consideration of key factors such as aging profile, future sales projection, estimated future selling prices and selling expenses of the respective inventories. Management reassesses the estimation of impairment provision for inventories at the end of reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

Revenue and other income recognised during the year are as follows:

	2025 RMB'000	2024 RMB'000
<b>Revenue</b>		
Sales of solar glass	17,831,786	18,820,033
Renewable energy business		
– Sales of electricity	1,918,674	1,926,702
– Tariff adjustment	1,074,844	1,090,580
	2,993,518	3,017,282
Others		
– Sales of mining products and consumables	1,476	56,683
– Other service income	34,384	27,449
	35,860	84,132
Total revenue	20,861,164	21,921,447
<b>Other income</b>		
Government grants (Note (a))	179,272	123,501
Scrap sales (Note (b))	53,678	106,817
Insurance compensation income	27,979	9,802
Compensation income from suppliers	9,601	13,204
Tariff adjustments for electricity generation from self-used solar power system	8,607	3,474
Others (Note (c))	35,157	17,082
	314,294	273,880

Notes:

- (a) Government grants mainly represent grants received from the government in subsidising the Group's certain operating costs and general operations.
- (b) Scrap sales were shown in net amount with the other income of RMB163,162,000 (2024: RMB221,087,000) and other expenses at RMB109,484,000 (2024: RMB114,270,000).
- (c) It mainly represents rental and other miscellaneous income.

## 5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

### Accounting policy of revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes.

Revenue is recognised when, or as, the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

In some circumstances, the Group may not be able to reasonably measure the outcome of a performance obligation, but the Group expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

### Accounting policy of revenue recognition (Continued)

#### (a) Sales of solar glass

The Group manufactures and sells solar glass. Revenue from sales of solar glass is recognised when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales of solar glass is recognised based on the price specified in the contract. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days, which is consistent with market practice.

Sales return is determined to be the best estimation by the Group, basing on the historical experience in the sales of solar glass and taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

Receivable is recognised when control of the products has transferred as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### (b) Sales of electricity

Revenue arising from the sales of electricity is recognised at a point in time in the accounting period when electricity is generated and transmitted.

Revenue from electricity sales under the fixed feed-in tariff regime is determined based on the on-grid benchmark tariff rates of local coal-fired power plants, which vary across provinces and can be adjusted by the government of the PRC (the "PRC government"). It is currently settled by state grid companies for the electricity generated by the solar and wind farms on a monthly basis. Revenue from market-based electricity sales transactions is recognised at the price stipulated in the power purchase agreement and settled in accordance with its contractual terms.

## 5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

### Accounting policy of revenue recognition (Continued)

#### (c) *Tariff adjustment*

Tariff adjustment represents subsidy received and receivable from the sales of electricity to the customer pursuant to the government policy on subsidies of solar and wind energy in respect of the Group's renewable energy generation business. Tariff adjustment is recognised at a point in time at its fair value to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised from tariff adjustment will not occur if the Group will comply with all the prevailing policies and regulations.

The revenue from tariff adjustment is based on the difference between the feed-in-tariff regime implemented by the PRC government and the revenue from the sales of electricity.

When there is an agreement to modify a contract regarding adjustments to the feed-in-tariff of the sales of electricity, in connection with the contract modification, the Group might provide a partial deduction of the tariff adjustment related to the sales of electricity. The Group should account for the deduction separately, because it is an adjustment to the transaction price of the previously transferred goods. Thus, it should recognise the amount of the deduction immediately as a reduction of revenue.

Tariff adjustment is settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance. The Ministry of Finance does not set out a rigid timetable for the settlement of tariff adjustment. The collection of such tariff adjustment is subjected to the allocation of funds by relevant government authorities to state grid companies, which consequently takes a relatively longer time for settlement. No significant financing component is deemed present as credit terms are granted to customers by reference to their credit risk characteristics, which is consistent with market practices.

#### (d) *Sales of mining products*

The Group engages in mining activities and sells mining products to customers located in the PRC. Revenue from the sales of mining products is recognised when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

### Accounting policy of revenue recognition (Continued)

#### (e) Revenue from construction contracts (EPC services)

The Group determines that revenue from EPC services satisfies the performance obligation over time, for the performance of EPC services creates or enhances an asset that the customer controls as the asset is created or enhanced. The Group recognises revenue over time by reference to the progress towards complete satisfaction of that performance obligation.

The excess of cumulative revenue recognised over the cumulative billings to customers is recognised as contract assets and then transferred to receivables when the rights become unconditional. The excess of cumulative billings to customers over the cumulative revenue recognised is recognised as contract liabilities.

There is no material contract fulfilment cost or cost of obtaining contracts incurred by the Group.

### Segment information

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

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

For the year ended 31 December 2025, there are two operating segments based on business type: (1) sales of solar glass and (2) renewable energy business (formerly known as “solar form business”), which focused on solar farm development alongside solar and wind power generation. The “Other segment” and “Unallocated” mainly include the non-core businesses of the Group such as polysilicon business (which has not yet commenced operations), engineering, procurement and construction services and sales of mining products.

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

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

## 5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

### Segment information (Continued)

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

	Year ended 31 December 2025					Total RMB'000
	Sales of solar glass RMB'000	Renewable energy business RMB'000	Other segment RMB'000	Unallocated RMB'000	Inter- segment eliminations RMB'000	
Segment revenue						
Recognised at a point in time	17,831,786	2,993,518	—	1,476	—	20,826,780
Recognised over time	—	—	—	34,384	—	34,384
Revenue from external customers	17,831,786	2,993,518	—	35,860	—	20,861,164
Cost of sales	(15,321,735)	(1,055,115)	—	(23,290)	—	(16,400,140)
Gross profit	2,510,051	1,938,403	—	12,570	—	4,461,024
Segment revenue by geographical area						
Mainland China	11,858,198	2,991,114	—	20,674	—	14,869,986
Other areas in Asia	4,110,131	—	—	—	—	4,110,131
North America and Europe	1,495,990	2,404	—	15,186	—	1,513,580
Others	367,467	—	—	—	—	367,467
	17,831,786	2,993,518	—	35,860	—	20,861,164

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

### Segment information (Continued)

	Year ended 31 December 2024					
	Sales of	Renewable	Other	Unallocated	Inter-	Total
	solar glass	energy	segment		segment	
	RMB'000	RMB'000	RMB'000	RMB'000	eliminations	RMB'000
					RMB'000	
Segment revenue						
Recognised at a point in time	18,820,033	3,017,282	—	56,683	—	21,893,998
Recognised over time	—	—	—	27,449	—	27,449
Revenue from external customers	18,820,033	3,017,282	—	84,132	—	21,921,447
Cost of sales	(17,002,128)	(986,276)	—	(67,045)	—	(18,055,449)
Gross profit	1,817,905	2,031,006	—	17,087	—	3,865,998
Segment revenue by geographical area						
Mainland China	14,428,432	3,014,389	—	67,659	—	17,510,480
Other areas in Asia	3,287,712	—	—	—	—	3,287,712
North America and Europe	660,717	2,893	—	16,473	—	680,083
Others	443,172	—	—	—	—	443,172
	18,820,033	3,017,282	—	84,132	—	21,921,447

## 5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

### Segment information (Continued)

	Other segment information					Total RMB'000
	Sales of solar glass RMB'000	Renewable energy business RMB'000	Other segment RMB'000	Unallocated RMB'000	Inter- segment eliminations RMB'000	
<b>Year ended 31 December 2025</b>						
Depreciation charge of property, plant and equipment	1,273,790	807,326	1,037	1,533	—	2,083,686
Depreciation charge of right-of-use assets	25,021	57,374	2,950	1,662	—	87,007
Impairment losses on property, plant and equipment	724,738	—	1,596,827	—	—	2,321,565
Amortisation charge of intangible assets	2,861	—	—	48	—	2,909
Additions to non-current assets (other than finance lease receivables and deferred tax assets)	1,320,335	1,420,207	—	74,926	—	2,815,468
<b>Year ended 31 December 2024</b>						
Depreciation charge of property, plant and equipment	1,173,594	752,701	1,287	4,686	—	1,932,268
Depreciation charge of right-of-use assets	36,722	50,044	3,025	751	—	90,542
Impairment losses on property, plant and equipment	392,858	—	—	—	—	392,858
Amortisation charge of intangible assets	1,245	—	—	1,353	—	2,598
Additions to non-current assets (other than finance lease receivables and deferred tax assets)	3,519,422	1,368,482	479,384	104,353	—	5,471,641

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

### Segment information (Continued)

	Assets and liabilities					Total RMB'000
	Sales of solar glass RMB'000	Renewable energy business RMB'000	Other segment RMB'000	Unallocated RMB'000	Inter- segment eliminations RMB'000	
	<b>At 31 December 2025</b>					
Total assets	32,985,169	26,175,909	3,249,888	4,750,823	(10,245,721)	56,916,068
Total liabilities	14,041,064	10,389,973	4,555,187	3,239,206	(10,245,721)	21,979,709
<b>At 31 December 2024</b>						
Total assets	30,540,711	24,114,283	4,851,759	3,750,897	(6,325,166)	56,932,484
Total liabilities	11,709,199	8,180,249	4,643,145	4,317,185	(6,325,166)	22,524,612

## 5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

### Segment information (Continued)

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

	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
<b>Segment assets/(liabilities)</b>	<b>62,410,966</b>	<b>59,506,753</b>	<b>(28,986,224)</b>	<b>(24,532,593)</b>
Unallocated items:				
Property, plant and equipment	196,861	169,591	—	—
Right-of-use assets	42,093	43,841	—	—
Intangible assets	5,213	6,566	—	—
Prepayments for land use rights and property, plant and equipment	21,876	21,517	—	—
Finance lease receivables	162,325	179,855	—	—
Investments accounted for using the equity method	751,529	244,454	—	—
Inventories	1,498	21,224	—	—
Trade and bills receivables	3,080	25,949	—	—
Prepayments, deposits and other receivables	37,281	26,088	—	—
Contract assets	7,374	10,028	—	—
Amounts due from related companies	3,489,238	2,978,720	—	—
Restricted cash	2,990	2,072	—	—
Cash and cash equivalents	21,727	13,564	—	—
Deferred tax assets	7,058	7,183	—	—
Current tax assets	680	245	—	—
Trade, bills and other payables	—	—	(73,335)	(97,707)
Contract liabilities	—	—	(7,620)	(5,587)
Current tax liabilities	—	—	—	(287)
Lease liabilities	—	—	(741)	(2,247)
Amounts due to related companies	—	—	(489,635)	(478,833)
Deferred tax liabilities	—	—	(9,839)	(11,366)
Borrowings	—	—	(2,658,036)	(3,721,158)
Inter-segment eliminations	(10,245,721)	(6,325,166)	10,245,721	6,325,166
<b>Total assets/(liabilities)</b>	<b>56,916,068</b>	<b>56,932,484</b>	<b>(21,979,709)</b>	<b>(22,524,612)</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

### Segment information (Continued)

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

	2025 RMB'000	2024 RMB'000
<b>Segment gross profit</b>	<b>4,448,454</b>	3,848,911
Unallocated gross profit	12,570	17,087
<b>Total gross profit</b>	<b>4,461,024</b>	3,865,998
Other unallocated items:		
Other income	314,294	273,880
Other gains/(losses) – net	131,694	(258,434)
Selling and marketing expenses	(111,683)	(126,963)
Administrative and other operating expenses	(998,980)	(1,019,345)
Impairment losses on property, plant and equipment (Note 17)	(2,321,565)	(392,858)
Net impairment losses on financial and contract assets	(15,954)	(15,563)
Finance income	18,336	23,279
Finance costs	(339,702)	(432,107)
Share of results of investments accounted for using the equity method	14,367	17,411
<b>Profit before income tax</b>	<b>1,151,831</b>	1,935,298

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

Revenue of approximately RMB2,515,863,000 and RMB2,175,626,000 were derived from customer A and customer B from solar glass business respectively, which separately accounted for more than 10% of the Group's revenue for the year ended 31 December 2025. Revenue of approximately RMB3,104,941,000 and RMB2,639,389,000 were derived from customer C and customer A from solar glass business respectively, which separately accounted for more than 10% of the Group's revenue for the year ended 31 December 2024.

## 5. REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

### Segment information (Continued)

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

	2025 RMB'000	2024 RMB'000
The PRC	32,073,883	36,098,935
Others	4,137,960	2,933,957
	<b>36,211,843</b>	<b>39,032,892</b>

## 6. OTHER GAINS/(LOSSES) – NET

	2025 RMB'000	2024 RMB'000
Gains on disposal of subsidiaries (Note 32)	147,171	—
Net fair value gains on financial assets at FVPL (Note 3.3(a))	24,467	14,353
Gains on early termination of lease (Note 18)	1,302	753
Losses on disposal of bills receivables at FVOCI (Note 3.3(a))	(18,501)	(46,503)
Losses on disposal of property, plant and equipment	(16,753)	(14,187)
Foreign exchange losses, net (Note (i))	(15,244)	(212,997)
Others	9,252	147
	<b>131,694</b>	<b>(258,434)</b>

Note:

- (i) During the year ended 31 December 2024, foreign exchange losses, net included foreign exchange losses of RMB240,211,000 reclassified from exchange reserve upon the termination of RMB-denominated capital loans between group companies. No similar reclassification occurred in the year ended 31 December 2025, as these loans were fully settled prior to the period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 7. EXPENSES BY NATURE

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

	2025	2024
	RMB'000	RMB'000
Auditors' remuneration - audit services	2,679	3,280
Amortisation charge of intangible assets (Note 19)	2,909	2,598
Depreciation charge of property, plant and equipment (Note 17)	2,083,686	1,932,268
Depreciation charge of right-of-use assets (Note 18)	87,007	90,542
Employee benefit expenses (including directors' emoluments) (Note 8)	1,135,996	1,279,812
Cost of inventories (Note 20)	12,141,327	13,782,576
Other direct operating costs of solar farms	103,763	97,944
Construction contracts costs	20,005	13,047
Net impairment losses on inventories (Note (i))	21,360	159,330
Losses from production suspension	25,771	15,805
Payments in relation to short term leases of land and buildings (Note 18)	3,130	3,401
Transportation costs	872,034	766,932
Research and development expenditures	595,682	635,635
Tax and levies	240,748	165,845
Other expenses	174,706	252,742
	<b>17,510,803</b>	<b>19,201,757</b>

Note:

- (i) During the year ended 31 December 2025, the Group recognised net impairment of inventories totalling RMB21,360,000 (2024: RMB159,330,000) in the consolidated statement of profit or loss, which comprises provision for impairment of RMB21,270,000 (2024: RMB162,428,000) made based on net realisable value of the inventories, and provision for impairment of RMB90,000 (2024: reversal of previously made impairment of RMB3,098,000) made based on aging of the inventories.

## 8. EMPLOYEE BENEFIT EXPENSES

	2025	2024
	RMB'000	RMB'000
Wages and salaries	997,121	1,134,658
Retirement benefit - defined contribution plans	121,646	140,824
Share options granted to employees	17,229	4,330
	<b>1,135,996</b>	<b>1,279,812</b>

The Group participates in a Mandatory Provident Fund scheme (the "MPF scheme") in accordance with the Mandatory Provident Fund Scheme Ordinance of Hong Kong. These plans are funded by contributions from employees and by the Group and the Group's contributions to the plans are expensed as incurred. No forfeited contribution is available to reduce the contribution payable in future year. The assets are held separately from those of the Group and managed by related independent professional fund managers.

The Group's subsidiaries in the PRC, Malaysia and Indonesia also participate in defined contribution retirement schemes covering its employees in the PRC, Malaysia and Indonesia. The schemes are administered by the relevant government authorities or statutory bodies in the PRC, Malaysia and Indonesia. The Group and the eligible employees are required to make contributions based on certain percentages of the applicable payroll costs as stipulated under the requirements in the relevant countries. The subsidiaries there have no other legal or constructive obligation apart from the required contributions under the scheme.

During the year ended 31 December 2025, no forfeited contributions were utilised by the Group to reduce its contribution for the current year (2024: nil). As at 31 December 2025, no forfeited contribution was available to reduce the contribution payable in future years.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 8. EMPLOYEE BENEFIT EXPENSES (Continued)

### Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include three (2024: four) directors whose emoluments are reflected in the analysis shown in Note 9. The emoluments payable to the remaining two (2024: one) individual during the year are as follows:

	2025 RMB'000	2024 RMB'000
Basic salaries, bonus, other allowances and benefits	8,165	6,027
Retirement benefits - defined contribution scheme	40	17
Share options granted	641	—
	<b>8,846</b>	<b>6,044</b>

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
Emolument bands		
HK\$3,000,001 – HK\$4,000,000	1	—
HK\$4,000,001 – HK\$5,000,000	1	—
HK\$6,000,001 – HK\$7,000,000	—	1
	<b>2</b>	<b>1</b>

## 9. BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' emoluments

The remuneration of every director is set out below:

For the year ended 31 December 2025:

Name of directors (Note (i))	Fees RMB'000	Salary RMB'000	Discretionary bonuses (Note (ii)) RMB'000	Allowances and benefits in kind (Note (iii)) RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Other emoluments in respect of the management of the Company's subsidiaries RMB'000	Total RMB'000
LEE Yin Yee (Note (iv))	—	—	—	—	—	—	—
TUNG Ching Sai (Note (iv))	—	—	—	—	—	—	—
LEE Shing Put	277	—	5,523	—	17	4,085	9,902
LEE Yau Ching	277	—	1,020	—	1	210	1,508
LI Man Yin	277	—	1,047	—	—	1,222	2,546
CHU Charn Fai	277	—	1,460	608	17	1,422	3,784
LO Wan Sing, Vincent	277	—	—	—	—	—	277
KAN E-ting, Martin	277	—	—	—	—	—	277
LEONG Chong Peng	277	—	—	—	—	—	277
<b>Total</b>	<b>1,939</b>	<b>—</b>	<b>9,050</b>	<b>608</b>	<b>35</b>	<b>6,939</b>	<b>18,571</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 9. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

### (a) Directors' emoluments (Continued)

The remuneration of every director is set out below: (continued)

For the year ended 31 December 2024:

Name of directors (Note (i))	Fees RMB'000	Salary (Note (vi)) RMB'000	Discretionary bonuses (Note (ii)) RMB'000	Allowances and benefits in kind (Note (iii)) RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Other emoluments in respect of the management of the Company's subsidiaries RMB'000	Total RMB'000
LEE Yin Yee (Note (iv))	—	—	—	—	—	—	—
TUNG Ching Sai (Note (iv))	—	—	—	—	—	—	—
LEE Shing Put (Note (v))	277	—	7,378	—	12	3,361	11,028
LEE Yau Ching (Note (v))	277	—	3,733	—	5	427	4,442
LI Man Yin	277	—	1,486	—	—	1,635	3,398
CHU Charn Fai	277	—	1,450	195	16	1,405	3,343
LO Wan Sing, Vincent	277	—	—	—	—	—	277
KAN E-ting, Martin	277	—	—	—	—	—	277
LEONG Chong Peng	277	—	—	—	—	—	277
<b>Total</b>	<b>1,939</b>	<b>—</b>	<b>14,047</b>	<b>195</b>	<b>33</b>	<b>6,828</b>	<b>23,042</b>

## 9. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

### (a) Directors' emoluments (Continued)

The remuneration of every director is set out below: (continued)

Notes:

- (i) The remuneration shown above represents remuneration received/receivable from the Group by these directors in their capacity as employees to the Group.
- (ii) The discretionary bonus is determined with reference to the operating results of the Group, individual performance and comparable market statistics during the respective years.
- (iii) The allowances and benefits in kind include housing allowances and estimated money value of share options.
- (iv) Dr. LEE Yin Yee, S.B.S. and Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.* waived emoluments of RMB277,000 (2024: RMB277,000) and RMB277,000 (2024: RMB277,000) respectively for the year. Except these, no directors waived or agreed to waive any emoluments for the years ended 31 December 2025 and 2024. No incentive payment for joining the Group or compensation for loss of office was paid or payable to any directors during the years ended 31 December 2025 and 2024.
- (v) On 1 April 2024, Mr. LEE Yau Ching, the executive Director, resigned as the Chief Executive Officer of the Company and Mr. LEE Shing Put, B.B.S., the executive Director and Vice Chairman of the Company, was appointed as the Chief Executive Officer of the Company. The remuneration disclosed above include those for services rendered by Mr. LEE Shing Put, B.B.S. and Mr. LEE Yau Ching, respectively as the Chief Executive Officer.
- (vi) During the year ended 31 December 2025, none of the directors of the Company received any salary (2024: same).
- (vii) Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertaking is RMB1,939,000 (2024: RMB1,939,000).
- (viii) Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking is RMB16,632,000 (2024: RMB21,103,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 9. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

### (b) Directors' termination benefits

None of the directors of the Company received termination benefits during the year ended 31 December 2025 (2024: same).

### (c) Consideration provided to third parties for making available directors' services

No consideration was provided by the Group to third party for making available services of directors during the year ended 31 December 2025 (2024: same).

### (d) Directors' loans, quasi-loans and other dealings

There is no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2025 (2024: same).

### (e) Directors' material interests in transactions, arrangements or contracts

Except for those transactions disclosed in Note 37, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2024: same).

## 10. FINANCE INCOME AND COSTS

	2025 RMB'000	2024 RMB'000
Finance income		
Interest income from bank deposits	18,336	23,279
Finance costs		
Interest for lease liabilities (Note 18)	57,938	60,096
Interest on borrowings	337,774	447,496
	395,712	507,592
Less: Amounts capitalised on qualifying assets (Note 17)	(56,010)	(75,485)
	339,702	432,107

## 11. INCOME TAX EXPENSE

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

	2025	2024
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax (“CIT”) (Note (iii))	468,345	453,155
– Overseas income tax (Note (iv))	120,982	7,724
– PRC withholding tax	5,802	84,457
– Underprovision in prior years	10,245	39,729
	<u>605,374</u>	<u>585,065</u>
Deferred tax (Note (iv), Note 31)	(113,112)	(58,838)
Income tax expense	<u>492,262</u>	<u>526,227</u>

Notes:

- (i) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.
- (ii) Hong Kong profits tax has been provided at the two-tiered rate of 8.25% (2024: 8.25%) for the first HK\$2 million of the estimated assessable profits for one of the Group’s subsidiaries in Hong Kong and 16.5% (2024: 16.5%) on the remaining estimated assessable profits for the year.
- (iii) The applicable CIT rate for the Group’s subsidiaries in the PRC is 25% except that:
- As at 31 December 2025, three subsidiaries engaging in solar glass business (2024: three) and a subsidiary engaging in renewable energy business (2024: one) are qualified as “High and New Technology Enterprise” and can enjoy a preferential CIT rate of 15% (2024: 15%).
  - As at 31 December 2025, two subsidiaries engaging in solar glass business (2024: two), a subsidiary engaging in renewable energy business (2024: one), a subsidiary engaging in mining products business (2024: one) and a subsidiary engaging in silicon products business (2024: one) (together as “Encouraged Subsidiaries”) are qualified as “Encouraged Enterprise” in the Catalogue of Industries Encouraged for Foreign Investment in Central and Western Region and can enjoy a preferential CIT rate of 15% (2024: 15%). Three of the Encouraged Subsidiaries (2024: three) in Guangxi Zhuang Autonomous Region can enjoy a reduced CIT rate of 9% for five years, starting from their first revenue-generating year.
  - Subsidiaries engaging in the operation and management of solar and wind farms are fully exempted from the CIT for three years starting from its first year of revenue generation, followed by 50% reduction in CIT in next three years. However, their government grants and insurance claims received are subject to the CIT rate of 25% (2024: 25%).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 11. INCOME TAX EXPENSE (Continued)

### (a) (Continued)

Notes: (Continued)

- (iv) Taxation on overseas profits mainly include Malaysia income tax which has been calculated on the estimated assessable profits for the year at the standard Malaysia corporate income tax rates of 24% (2024: 24%). The Group's subsidiary in Malaysia is entitled to Investment Tax Allowance ("ITA") on qualifying capital expenditures incurred during the eligible period, which can be offset against its assessable profits, subject to the fulfilment of certain specified conditions ("ITA Conditions"). Since all ITA conditions have been satisfied since the year ended 31 December 2024, a deferred tax asset of RMB5,393,000 (2024: RMB30,628,000) has been recognised to the extent that future taxable profits are available to utilise the ITA as at 31 December 2025.

### (b) Pillar Two income tax

The Group falls within the scope of the Global Anti-Base Erosion Model Rules ("Pillar Two Model Rules") issued by the Organisation for Economic Co-operation and Development, with subsidiaries operating in some jurisdictions that have legislated domestic Pillar Two income tax requirements in alignment with this framework.

The Group's earnings are subject to domestic minimum top-up taxes in Malaysia and Indonesia (effective from 1 January 2025) and Canada (since 1 January 2024). From 1 January 2025, the Group is also liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 in respect of its earnings, whereas Mainland China has not yet enacted Pillar Two legislation.

The Group has assessed its potential Pillar Two income tax exposure in these jurisdictions based on the information available regarding the financial performance of the Group for the year ended 31 December 2025. Based on the assessment, the Group's effective tax rates in the above jurisdictions in which it operates are generally above 15% and the directors of the Company are not currently aware of any circumstances under which they might change. Therefore, the Group expects that any potential exposure to Pillar Two top-up taxes will be immaterial.

## 11. INCOME TAX EXPENSE (Continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2025 RMB'000	2024 RMB'000
Profit before income tax	1,151,831	1,935,298
Tax calculated at the statutory tax rates applicable to the jurisdictions concerned	298,114	573,910
Tax impact on share of results of investments accounted for using the equity method	(2,034)	(2,888)
Effect of preferential tax rates on income of certain PRC subsidiaries	(38,896)	(206,916)
Income not subject to tax	(21,663)	(6,027)
Effect of additional tax deduction enacted by tax authorities (Note)	(36,838)	(25,660)
Expenses not deductible for tax purposes	277,532	54,622
PRC withholding Tax	5,802	99,457
Adjustments for current tax of prior periods	10,245	39,729
Income tax expense	492,262	526,227

Note:

Additional tax deduction mainly represents research and development tax credit. Companies within the group are entitled to claim special tax deductions for investments in qualifying expenditure under the Research and Development Tax Incentive regime. The Group accounts for these allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. EARNINGS PER SHARE

### (a) Basic

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

	2025	2024
Profit attributable to equity holders of the Company (RMB'000)	844,525	1,008,233
Weighted average number of shares in issue (thousands)	9,094,046	8,944,137
Basic earnings per share (RMB cents)	9.29	11.27

### (b) Diluted

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

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the exercise price of the share options granted was higher than the average market price of the Company's share price during the years.

Share options granted by a subsidiary of the Group, Xinyi Energy Holdings Limited ("Xinyi Energy") during the year ended 31 December 2025 has dilution impact on earnings per share (2024: no dilution impact).

Calculations of diluted earnings per share:

	2025	2024
Profit attributable to equity holders of the Company, used in the basic earnings per share calculations (RMB'000)	844,525	1,008,233
Effect of dilutive potential ordinary shares arising from adjustments to the share of profit of Xinyi Energy based on dilution of its earnings per share (RMB'000)	(5)	—
Profit attributable to equity holders of the Company, used in the diluted earnings per share calculations (RMB'000)	844,520	1,008,233
Weighted average number of shares in issue (thousands)	9,094,046	8,944,137
Diluted earnings per share (RMB cents)	9.29	11.27

### 13. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Interim dividend of 4.2 HK cents (2024: 10.0 HK cents) per share (Note (a))	349,114	827,585
Proposed final dividend of 0.8 HK cents (2024: nil) per share (Note (b))	65,822	—

Notes:

- (a) An interim dividend for the six months ended 30 June 2025 of 4.2 HK cents (2024: 10.0 HK cents) per share was partially paid in cash and partially settled by shares in respect of scrip dividend to shareholders whose names appeared on the Register of Members of the Company on 20 August 2025 (2024: 19 August 2024).
- (b) A final dividend in respect of the year ended 31 December 2025 of 0.8 HK cents per share (2024: nil), amounting to a total dividend of HK\$73,176,000 (equivalent to RMB65,822,000) (2024: nil) is to be proposed at the forthcoming annual general meeting ("AGM"). The amount of 2025 proposed final dividend is based on 9,147,043,615 shares in issue as at 31 December 2025. These consolidated financial statements do not reflect the proposed final dividend for the year ended 31 December 2025.

### 14. SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2025 are as follows:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interest (%)
Xinyi Solar (Hong Kong) Limited	Hong Kong, limited liability company	Investment holding and trading of solar glass products	200 ordinary shares of HK\$1 each	100.00%	—
Xinyi PV Products (Anhui) Holdings Limited	The PRC, limited liability company	Manufacturing of solar glass in the PRC	Registered and paid-up capital of US\$438,000,000	100.00%	—
Xinyi Solar (Malaysia) Sdn Bhd	Malaysia, limited liability company	Manufacturing of solar glass in Malaysia	Authorised and paid-up capital of 20,000,000 ordinary shares of MYR1 each	100.00%	—

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. SUBSIDIARIES (Continued)

Details of the principal subsidiaries at 31 December 2025 are as follows: (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interest (%)
Xinyi Energy (Note (a))	The British Virgin Islands, limited liability company	Investment holding	8,376,653,757 ordinary shares of HK\$0.01 each	50.75%	49.25%
Xinyi PV Products (Guangxi) Limited	The PRC, limited liability company	Manufacturing of solar glass in the PRC	Registered and paid-up capital of US\$38,000,000	100.00%	—
Xinyi Solar (Suzhou) Limited	The PRC, limited liability company	Manufacturing of solar glass in the PRC	Registered and paid-up capital of US\$300,000,000	100.00%	—
Xinyi PV Glass Holdings (Anhui) Limited	The PRC, limited liability company	Trading of solar glass products	Registered and paid-up capital of RMB100,000,000	100.00%	—
Lu'an Xinyi Renewable Energy Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of RMB300,000,000	50.75%	49.25%
Hong'an Xinyi Renewable Energy Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of US\$35,000,000	50.75%	49.25%
Xinyi Solar (Wuhu) Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of US\$35,000,000	50.75%	49.25%
Xinyi Renewable Energy (Bozhou) Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of US\$35,000,000	50.75%	49.25%

## 14. SUBSIDIARIES (Continued)

Details of the principal subsidiaries at 31 December 2025 are as follows: (Continued)

<u>Name</u>	<u>Place of incorporation and kind of legal entity</u>	<u>Principal activities and place of operation</u>	<u>Particulars of issued share capital</u>	<u>Proportion of ordinary shares held by the Group (%)</u>	<u>Proportion of ordinary shares held by non-controlling interest (%)</u>
Xinyi Solar (Shouxian) Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of RMB215,000,000	50.75%	49.25%
Xinyi Solar (Xiaochang) Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of US\$32,700,000	50.75%	49.25%
Xinyi Solar (Suiping) Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of RMB210,000,000	50.75%	49.25%
Xinyi Renewable Energy (Shouxian) Limited (Note (a))	The PRC, limited liability company	Management and operation of solar farm in the PRC	Registered and paid-up capital of US\$35,000,000	50.75%	49.25%
Xinyi Wind Power (Jinzhai) Company Limited (Note (a))	The PRC, limited liability company	Management and operation of wind farm in the PRC	Registered and paid-up capital of RMB12,195,129	50.75%	49.25%
Polaron Solartech Corporation (Note (a))	Canada, limited liability company	Provision of solar power systems in Canada	353,000 common shares	60.00%	40.00%
Shuoyi Silicon (Yunnan) Limited (Note (a))	The PRC, limited liability company	Manufacturing of polysilicon in the PRC	Registered capital of US\$313,000,000 and paid-up capital of US\$196,026,383	52.00%	48.00%

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. SUBSIDIARIES (Continued)

Details of the principal subsidiaries at 31 December 2025 are as follows: (Continued)

Notes:

- (a) The Company indirectly holds the equity interest in these companies through layers of holding structures and has control over the board of directors of these companies who can make majority votes to decide the key financial and operating decisions of these companies. The proportion of equity interests as disclosed above represent the effective equity interests attributable to the Group.
- (b) All subsidiaries listed in the above table are indirectly held by the Company.
- (c) The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

## 15. MATERIAL NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2025 is RMB5,104,516,000 (2024: RMB5,356,082,000), of which RMB5,755,496,000 (2024: RMB5,266,895,000) is attributable to Xinyi Energy Group.

### Significant restrictions

As at 31 December 2025, funds of Xinyi Energy Group amounting to RMB862,427,000 (2024: RMB334,172,000), RMB3,207,000 (2024: RMB2,022,000) and RMB5,382,000 (2024: nil) were deposited in bank accounts opened with banks in the PRC, Malaysia and Japan, respectively where the remittance of funds is subject to foreign exchange control. The remaining funds of RMB88,108,000 (2024: RMB21,044,000) as at 31 December 2025 were deposited in reputable banks in Hong Kong.

### Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information of Xinyi Energy Group which has non-controlling interests that are material to the Group. See Note (a) below for transactions with non-controlling interests.

## 15. MATERIAL NON-CONTROLLING INTERESTS (Continued)

### Summarised financial position

	2025 RMB'000	2024 RMB'000
<b>Current</b>		
Assets	5,609,528	4,941,122
Liabilities	(2,876,415)	(3,176,499)
Total current net assets	2,733,113	1,764,623
<b>Non-current</b>		
Assets	16,664,192	16,523,826
Liabilities	(6,137,181)	(5,774,622)
Total non-current net assets	10,527,011	10,749,204
Net assets	13,260,124	12,513,827

### Summarised profit or loss and other comprehensive income

	2025 RMB'000	2024 RMB'000
Revenue	2,453,308	2,440,447
Profit before income tax	1,323,893	1,183,078
Income tax expense	(304,300)	(374,036)
Profit after income tax	1,019,593	809,042
Other comprehensive gain/(loss)	19,746	(138,335)
Total comprehensive income for the year	1,039,339	670,707
Profit allocated to non-controlling interests	501,108	400,083
Dividends paid to non-controlling interests	73,168	140,039

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. MATERIAL NON-CONTROLLING INTERESTS (Continued)

### Summarised cash flow statement

	2025 RMB'000	2024 RMB'000
Net cash generated from operating activities	1,651,044	956,244
Net cash used in investing activities	(655,376)	(2,295,979)
Net cash (used in)/generated from financing activities	(398,383)	1,104,891
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>597,285</b>	<b>(234,844)</b>

The above information represent the amounts before intercompany eliminations.

### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of material non-controlling interests.

	2025 RMB'000	2024 RMB'000
<b>Net assets at 1 January</b>	<b>12,513,827</b>	<b>12,143,871</b>
Total comprehensive income for the year	1,039,339	670,707
Employees' share option scheme	1,192	(440)
Issuance of shares in respect of scrip dividend	136,796	85,205
Dividend		
– 2024 final dividend (2024: 2023 final dividend)	(207,398)	(198,721)
– 2025 interim dividend (2024: 2024 interim dividend)	(224,355)	(177,750)
Acquisition of additional interest in a subsidiary	—	(9,045)
Capital contribution from non-controlling interests	723	—
<b>Net assets at 31 December</b>	<b>13,260,124</b>	<b>12,513,827</b>
Non-controlling interests	49.25%	48.38%
Carrying value before elimination of unrealised profit	6,530,611	6,054,190
Elimination of the fair value adjustment attributable to non-controlling interests	(775,115)	(787,295)
<b>Carrying value</b>	<b>5,755,496</b>	<b>5,266,895</b>

## 15. MATERIAL NON-CONTROLLING INTERESTS (Continued)

### (a) Transactions with non-controlling interests

#### *Change of equity interest in Xinyi Energy*

The table below sets forth the cash dividends and scrip shares received by Xinyi Power (BVI) Limited (“Xinyi Power”), a wholly-owned subsidiary of the Company, in relation to the final dividend distribution for the year ended 31 December 2024 and interim dividend distribution for the six months ended 30 June 2025 by Xinyi Energy (“XYE Dividend Settlement”). As a result of the XYE Dividend Settlement, the Company’s indirect interest in Xinyi Energy decreased from 51.62% to 50.75% during the year ended 31 December 2025.

	Xinyi Power	Other shareholders of Xinyi Energy	Total
Cash received (RMB'000)			
– Final dividend for the year ended 31 December 2024	107,049	32,917	139,966
– Interim dividend for the six months ended 30 June 2025	114,815	40,251	155,066
Scrip shares received ('000)			
– Final dividend for the year ended 31 December 2024	—	76,582	76,582
– Interim dividend for the six months ended 30 June 2025	—	66,476	66,476

#### *Disposal of Solar Farms to Xinyi Energy*

During the year ended 31 December 2025, the Group completed the disposal of the below solar farm projects to Xinyi Energy (“Solar Farm Disposal”). The disposals were made pursuant to the terms and conditions of the Solar Farm Agreement dated 5 December 2018, 28 February 2024 and supplemental agreement entered into between the Company and Xinyi Energy and in accordance with the business delineation between Xinyi Solar as a solar farm developer and Xinyi Energy as a solar farm operator.

Date of disposal	Company	% of equity interest held		Cash consideration RMB million	Approved grid-connected capacity MW
		Before disposal	Immediately after disposal		
March 2025	Wuhu Xintu Renewable Energy Limited	100%	51.62%	14.8	30
December 2025	Xinjie Solar (Wuhu) Limited (Note)	100%	50.75%	29.8	100
December 2025	Xinyun Renewable Energy (Yunfu) Limited	100%	50.75%	35.5	100

Note: Xinjie Solar (Wuhu) Limited holds a 100% equity interest in Kaiping City Ruide Renewable Energy Limited, which owns and operates a solar farm with an approved grid-connected capacity of 100 megawatts (“MW”), located in Kaiping County, Guangdong Province, PRC.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. MATERIAL NON-CONTROLLING INTERESTS (Continued)

### (a) Transactions with non-controlling interests (Continued)

#### *Disposal of Solar Farms to Xinyi Energy (Continued)*

The effect of the above transactions with non-controlling interests on the equity attributable to equity holders of the Company during the year ended 31 December 2025 is summarised as follows:

	XYE Dividend Settlement RMB'000	Solar Farm Disposal RMB'000	Total RMB'000
(Decrease)/Increase in equity attributable to equity holders of the Company	(29,069)	21,420	(7,649)
Increase/(Decrease) in non-controlling interests	29,069	(27,993)	1,076
Decrease in total equity	—	(6,573)	(6,573)

The Group had certain transactions with non-controlling interests during the year ended 31 December 2024, further information on which is set forth in the annual report of the Company dated 28 February 2025.

## 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2025 RMB'000	2024 RMB'000
At 1 January	244,455	313,737
Capital injection	—	672
Recognition of an investment accounted for using the equity method upon partial disposal of interests in a subsidiary (Note 32(a))	494,410	—
Dividend received and receivable	—	(88,980)
Share of results	14,367	17,411
Currency translation differences	(1,703)	1,615
At 31 December	751,529	244,455

## 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Particulars of the material investments accounted for using the equity method are as follows:

Name of entity	Place of business/ incorporation	Principal activities	% of ownership interest attributable to the Group	Carrying amount	
				2025 RMB'000	2024 RMB'000
<u>Associates</u>					
Xinyi Solar (Tianjin) Limited ("Xinyi Solar (Tianjin)")	Tianjin, the PRC	Management and operation of solar farm	49%*	495,061	—
Ultimate Luck Global Limited (Note)	British Virgin Islands	Investment holding	40%	32,262	46,998
<u>Joint ventures</u>					
Xinyi Solar (Lu'an) Company Limited ("Xinyi Solar (Lu'an)")	Anhui Province, the PRC	Management and operation of solar farm	50%	224,155	196,830
Parkland Renewable Energy Sdn. Bhd. ("Parkland Renewable")	Malaysia	Management and operation of solar farms	40%*	51	627

\* As at 31 December 2025, the equity interests were held indirectly through a non-wholly owned subsidiary, in which the Company had a 50.75% (2024: 51.62%) ownership.

Note: Ultimate Luck Global Limited holds a 100% equity interest in Cheer Wise Investments Limited. Cheer Wise Investments Limited is a limited liability company incorporated in Hong Kong and is principally engaged in the property and car parks holding.

Entities set forth above are private companies and there is no quoted market price available for their shares.

As at 31 December 2025 and 2024, there are no contingent liabilities relating to the Group's interest in the entities set forth above.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

### Summarised financial information on material associate

Xinyi Solar (Tianjin), the carrying amount of which is material to the Group, is accounted for as an investment accounted for using the equity method of the Group. Set out below is the summarised financial information of Xinyi Solar (Tianjin).

Summarised financial position and reconciliation of summarised financial information

	2025 RMB'000
Current assets	338,702
Non-current assets, excluding goodwill	671,573
Current liabilities	(147,169)
Non-current liabilities	(492)
Net assets	862,614
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	49%
Group's share of net assets of the associate, excluding goodwill	422,681
Goodwill	72,380
Carrying amount of the investment	495,061

Summarised profit or loss and other comprehensive income

	2025 RMB'000
Revenue since 20 December 2025 to 31 December 2025	4,397
Profit after income tax since 20 December 2025 to 31 December 2025	1,326
Total comprehensive income since 20 December 2025 to 31 December 2025	1,326

Note:

On 19 December 2025, the Group completed the disposal of 51% equity interests of Xinyi Solar (Tianjin) to Tianjin Binhai Construction Investment New Energy Company Limited (the "Disposal"). The Group's equity interests in Xinyi Solar Tianjin decreased from 100% to 49% following the Disposal. The Group lost control in Xinyi Solar Tianjin upon completion of the Disposal but retained the power to exercise significant influence over Xinyi Solar Tianjin. Therefore, Xinyi Solar Tianjin is regarded as an associate of the Company and is accounted for using the equity method since 20 December 2025.

For the details of the partial disposal of Xinyi Solar (Tianjin), please refer to the Note 32(a).

## 17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Solar and wind farms RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At 1 January 2025</b>							
Cost	366,679	3,954,658	14,682,531	20,492,766	55,846	6,118,978	45,671,458
Accumulated depreciation and impairment	—	(418,937)	(4,891,059)	(4,173,597)	(20,080)	—	(9,503,673)
Net book amount	<u>366,679</u>	<u>3,535,721</u>	<u>9,791,472</u>	<u>16,319,169</u>	<u>35,766</u>	<u>6,118,978</u>	<u>36,167,785</u>
<b>Year ended 31 December 2025</b>							
Opening net book amount	366,679	3,535,721	9,791,472	16,319,169	35,766	6,118,978	36,167,785
Additions (Note (i))	—	84,205	49,223	229,378	8,369	1,728,824	2,099,999
Transfers	—	367,802	276,990	656,801	3,841	(1,305,434)	—
Government grants netted off	—	—	(296,209)	—	—	—	(296,209)
Disposals	—	(10,479)	(96,703)	(45,503)	(314)	(2,032)	(155,031)
Disposal of subsidiaries	—	(10,431)	(3,344)	(665,521)	(734)	—	(680,030)
Depreciation charge	—	(119,849)	(1,170,982)	(841,967)	(6,671)	—	(2,139,469)
Currency translation differences	18,170	61,933	26,925	3,445	150	(17,510)	93,113
Impairment losses (Note (ii))	—	—	(724,738)	—	—	(1,596,827)	(2,321,565)
Closing net book amount	<u>384,849</u>	<u>3,908,902</u>	<u>7,852,634</u>	<u>15,655,802</u>	<u>40,407</u>	<u>4,925,999</u>	<u>32,768,593</u>
<b>At 31 December 2025</b>							
Cost	384,849	4,444,160	13,448,883	20,311,451	66,955	6,522,826	45,179,124
Accumulated depreciation and impairment	—	(535,258)	(5,596,249)	(4,655,649)	(26,548)	(1,596,827)	(12,410,531)
Net book amount	<u>384,849</u>	<u>3,908,902</u>	<u>7,852,634</u>	<u>15,655,802</u>	<u>40,407</u>	<u>4,925,999</u>	<u>32,768,593</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 17. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold land RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Solar and wind farms RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At 1 January 2024</b>							
Cost	329,514	2,691,528	11,491,296	18,646,179	39,910	7,160,780	40,359,207
Accumulated depreciation	—	(320,824)	(3,285,638)	(3,426,471)	(15,603)	—	(7,048,536)
Net book amount	329,514	2,370,704	8,205,658	15,219,708	24,307	7,160,780	33,310,671
<b>Year ended 31 December 2024</b>							
Opening net book amount	329,514	2,370,704	8,205,658	15,219,708	24,307	7,160,780	33,310,671
Additions	17,683	22,866	202,150	13,411	8,371	5,058,061	5,322,542
Transfers	—	1,222,691	3,042,084	1,842,009	7,666	(6,114,450)	—
Government grants netted off	—	—	(48,000)	—	—	—	(48,000)
Disposals	—	(2,889)	(29,855)	(9,066)	(19)	—	(41,829)
Depreciation charge	—	(94,441)	(1,246,755)	(749,408)	(4,570)	—	(2,095,174)
Currency translation differences	19,482	16,790	59,048	2,515	11	14,587	112,433
Impairment losses (Note(ii))	—	—	(392,858)	—	—	—	(392,858)
Closing net book amount	366,679	3,535,721	9,791,472	16,319,169	35,766	6,118,978	36,167,785
<b>At 31 December 2024</b>							
Cost	366,679	3,954,658	14,682,531	20,492,766	55,846	6,118,978	45,671,458
Accumulated depreciation and impairment	—	(418,937)	(4,891,059)	(4,173,597)	(20,080)	—	(9,503,673)
Net book amount	366,679	3,535,721	9,791,472	16,319,169	35,766	6,118,978	36,167,785

## 17. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2025 RMB'000	2024 RMB'000
Depreciation charged in consolidated statement of profit or loss:		
– Cost of sales	2,055,132	1,905,097
– Administrative and other operating expenses	28,554	27,171
	<u>2,083,686</u>	<u>1,932,268</u>
Depreciation charges capitalised in inventories as at 31 December	<u>253,218</u>	<u>197,435</u>
Depreciation of right-of-use assets capitalised in construction in progress (Note 18)	<u>—</u>	<u>9,578</u>

### Notes:

#### (i) Acquisition of wind farm project

In December 2025, the Group completed the acquisition of 82% and 18% of the issued shares of Xinyi Wind Power (Jinzhai) Company Limited (“Jinzhai Wind Power”) from Xinyi Energy Smart (Wuhu) Company Limited and Anhui Xinyi Power Source Company Limited respectively for an aggregate consideration of RMB62.0 million. The principal asset of Jinzhai Wind Power is a wind farm located in Jinzhai City, Anhui Province with the approved power generating capacity of 64 MW. The acquisition did not constitute a business as defined in HKFRS 3 Business Combinations and was accounted for as an asset acquisition.

#### (ii) Impairment losses on property, plant and equipment

For the year ended 31 December 2025, the Group recognised impairment losses on property, plant and equipment totalling RMB2,321,565,000 (2024: RMB392,858,000). Of this amount, RMB724,738,000 (2024: RMB392,858,000) related to solar glass production lines and RMB1,596,827,000 (2024: nil) related to polysilicon manufacturing facilities.

**Solar glass production lines** - In view of the supply-demand imbalance in the solar glass market and to more effectively control the operational risks (including inventory and accounts receivable levels), certain production facilities within the Group’s solar glass segment remained on standby or idle during the year. For such idle equipment, the Group has conducted regular reviews to assess the possibility of restarting operations, potential conversion, relocation, or alternative uses, in order to determine whether it is no longer viable for production. Impairment provisions are then recognised based on the results of impairment testing. During the year ended 31 December 2025, impairment losses of RMB724,738,000 (2024: RMB392,858,000) were recognised for these impaired assets. The impairment provision was determined based on the difference between the assets’ carrying amounts and their recoverable amounts. The recoverable amounts — estimated using quotes from independent third parties or historical sales prices of comparable assets — typically ranged between 0% and 10% of the original cost.

**Polysilicon manufacturing facilities** - As of 31 December 2025, the construction of the Group’s polysilicon manufacturing base in Yunnan Province, the PRC had been substantially completed, although certain testing and acceptance procedures remained outstanding before operations could commence. Given that industry production capacity significantly exceeds demand and polysilicon prices have remained depressed for a prolonged period, the Group performed an impairment test on the asset group of its polysilicon production facilities (“CGU”), which belonged to the other segment and with a carrying amount of RMB4,269,827,000 at 31 December 2025.

# Notes to the Consolidated Financial Statements

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## 17. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes: (Continued)

(ii) Impairment losses on property, plant and equipment (Continued)

The recoverable amount of the CGU was determined to be RMB2,673,000,000, based on a value in use calculation. This calculation incorporated cash flow projections prepared by management and a discounted cash flow model developed by an independent professional valuer.

As a result of the impairment test, the carrying amount of property, plant and equipment within the other segment was reduced by RMB1,596,827,000 (2024: Nil). The impairment loss was recognised under "Impairment losses on property, plant and equipment" in the consolidated statement of profit or loss. As the CGU is held through a non-wholly owned subsidiary in which the Company has a 52% equity interest, the impact on profit attributable to equity holders of the Company, after deducting the 48% attributable to non-controlling interests, was RMB830,350,000 (2024: nil).

Key variables incorporated in estimating future cash flows included product pricing, projected revenue growth rates, and applicable discount rates. The recoverable amount was determined using revenue growth rates of 2% to 5% for the initial five years of normal production volume, a long-term revenue growth rate of 2%, and a pre-tax discount rate of 10.3%. Further details regarding the valuation methodology, key inputs and assumptions applied in the impairment testing are disclosed in note 39.

During the year ended 31 December 2025, the Group capitalised borrowing costs amounted to RMB56,010,000 (2024: RMB75,485,000) on qualifying assets (Note 10). Borrowing costs were capitalised at the weighted average rate of its general borrowings of 2.21% (2024: 4.66%).

### Accounting policy of depreciation methods and useful lives

Construction in progress represents buildings, solar and wind power electricity generating equipment and plants ("Solar and Wind Farms") and other equipment on which construction work has not been completed and which, upon completion, management intends to hold for generation of electricity income or solar glass production purposes. Construction in progress is carried at cost which includes development and construction expenditures incurred and interest and other direct costs attributable to the development less any accumulated impairment losses. On completion, construction in progress is transferred to appropriate categories of property, plant and equipment.

Depreciation of completed Solar and Wind Farms commences when the Solar and Wind Farms are successfully connected to grids and completed trial operation. Depreciation of other property, plant and equipment commences when the assets are ready for use.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

– Buildings	30 years
– Plant and machinery	5-20 years
– Solar and wind farms	20-25 years
– Office equipment	3-7 years

See note 43.7 for the other accounting policies relevant to property, plant and equipment.

## 18. LEASES

This note provides information for leases where the Group is a lessee.

The Group's right-of-use assets and lease liabilities mainly arise from lease of various land use rights for solar farm projects with lease terms of typically 20 to 30 years and solar glass factory with terms of 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

### (a) Right-of-use assets

	2025 RMB'000	2024 RMB'000
<b>Right-of-use assets</b>		
At 1 January	2,175,439	2,153,387
Additions	144,609	144,715
Depreciation charge	(87,007)	(100,120)
Derecognition of a subsidiary (Note 32(a))	(28,372)	—
Early termination of lease	(9,744)	(12,942)
Currency translation difference	(3,743)	(9,601)
At 31 December	<u>2,191,182</u>	<u>2,175,439</u>
<b>Analysed into:</b>		
Leasehold land and land use rights	2,156,872	2,129,032
Leases of factory, office premises and warehouses	5,418	15,682
Leases of rooftops	<u>28,892</u>	<u>30,725</u>
	<u>2,191,182</u>	<u>2,175,439</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 18. LEASES (Continued)

### (b) Lease liabilities

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

	2025 RMB'000	2024 RMB'000
<b>Lease liabilities</b>		
At 1 January	903,341	920,751
Principal element of lease payments	(61,273)	(57,590)
Interest paid	(39,104)	(46,029)
Additions	134,923	43,342
Interest for lease liabilities (Note 10)	57,938	60,096
Derecognition of a subsidiary (Note 32(a))	(35,277)	—
Early termination of lease	(11,046)	(13,695)
Currency translation difference	1,890	(3,534)
At 31 December	951,392	903,341
<b>Analysed into:</b>		
Current	63,660	71,716
Non-current	887,732	831,625
	951,392	903,341

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

	2025 RMB'000	2024 RMB'000
Depreciation of right-of-use assets	87,007	100,120
Less: Depreciation capitalised in construction in progress (Note 17)	—	(9,578)
Depreciation of right-of-use assets charged in profit or loss (Note 7)	87,007	90,542
Interest for lease liabilities (Note 10)	57,938	60,096
Payments in relation to short-term leases of land and buildings (Note 7)	3,130	3,401
Gains on early termination of lease (Note 6)	(1,302)	(753)
Total amount recognised in the consolidated statement of profit or loss	146,773	153,286

(d) The total cash outflow for leases is disclosed in note 33(e) to the financial statements.

## 19. INTANGIBLE ASSETS

	Goodwill RMB'000	Mining rights RMB'000	Software RMB'000	Total RMB'000
<b>At 1 January 2024</b>				
Cost	11,372	12,174	11,321	34,867
Accumulated amortisation	—	(5,974)	(660)	(6,634)
Net book amount	11,372	6,200	10,661	28,233
<b>Year ended 31 December 2024</b>				
Opening net book amount	11,372	6,200	10,661	28,233
Additions	—	—	3,711	3,711
Amortisation charge (Note 7)	—	(1,353)	(1,245)	(2,598)
Closing net book amount	11,372	4,847	13,127	29,346
<b>At 31 December 2024 and 1 January 2025</b>				
Cost	11,372	12,174	15,032	38,578
Accumulated amortisation	—	(7,327)	(1,905)	(9,232)
Net book amount	11,372	4,847	13,127	29,346
<b>Year ended 31 December 2025</b>				
Opening net book amount	11,372	4,847	13,127	29,346
Amortisation charge (Note 7)	—	(1,353)	(1,556)	(2,909)
Closing net book amount	11,372	3,494	11,571	26,437
<b>At 31 December 2025</b>				
Cost	11,372	12,174	15,032	38,578
Accumulated amortisation	—	(8,680)	(3,461)	(12,141)
Net book amount	11,372	3,494	11,571	26,437

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. INTANGIBLE ASSETS (Continued)

	2025 RMB'000	2024 RMB'000
Amortisation charged in consolidated statement of profit or loss:		
– Cost of sales	1,353	1,353
– Administrative and other operating expenses	1,556	1,245
	<u>2,909</u>	<u>2,598</u>

## 20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	639,203	1,015,193
Work in progress	183,076	356,430
Finished goods	963,669	1,668,710
	<u>1,785,948</u>	<u>3,040,333</u>
Less: Provision for impairment	(50,794)	(184,294)
	<u>1,735,154</u>	<u>2,856,039</u>

The cost of inventories excluding manufacturing overheads, included in cost of sales amounted to approximately RMB12,141,327,000 (2024: RMB13,782,576,000).

During the year ended 31 December 2025, provision for impairment of RMB21,270,000 (2024: RMB162,428,000) was made based on net realisable value of the inventories, and provision of impairment of RMB90,000 (2024: reversal of previously made impairment of RMB3,098,000) made based on aging of the inventories were recorded under cost of sales in the consolidated statement of profit or loss (Note 7(i)).

### Accounting policy of inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 21. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables (Note (a))	7,916,481	8,611,010
Less: Loss allowance (Note (c))	(79,820)	(69,646)
Trade receivables, net	<u>7,836,661</u>	<u>8,541,364</u>
Bills receivables at amortised cost (Note (b))	2,813,282	3,050,263
Less: Loss allowance	(1,619)	(3,420)
Bills receivables at amortised cost, net	<u>2,811,663</u>	<u>3,046,843</u>
Bills receivables at FVOCI (Note (d))	<u>1,118,858</u>	<u>280,756</u>

### (a) Trade receivables

Breakdown of gross trade receivables by segment is as follows:

	Sales of solar glass RMB'000	Renewable energy business RMB'000	Unallocated RMB'000	Total RMB'000
<b>At 31 December 2025</b>				
Sales of solar glass	3,001,213	—	—	3,001,213
Sales of electricity	—	153,620	—	153,620
Tariff adjustment	—	4,751,186	—	4,751,186
Other service revenue	—	—	10,462	10,462
Total	<u>3,001,213</u>	<u>4,904,806</u>	<u>10,462</u>	<u>7,916,481</u>
<b>At 31 December 2024</b>				
Sales of solar glass	3,634,707	—	—	3,634,707
Sales of electricity	—	211,257	—	211,257
Tariff adjustment	—	4,747,320	—	4,747,320
Other service revenue	—	—	17,726	17,726
Total	<u>3,634,707</u>	<u>4,958,577</u>	<u>17,726</u>	<u>8,611,010</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 21. TRADE AND BILLS RECEIVABLES (Continued)

### (a) Trade receivables (Continued)

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

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

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

	2025 RMB'000	2024 RMB'000
0 to 90 days	7,294,666	8,245,448
91 days to 180 days	572,189	272,582
181 days to 365 days	26,913	86,715
1 to 2 years	17,421	3,512
Over 2 years	5,292	2,753
	<b>7,916,481</b>	<b>8,611,010</b>

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

	2025 RMB'000	2024 RMB'000
0 to 90 days	366,913	447,046
91 days to 180 days	315,110	365,812
181 days to 365 days	540,640	610,647
1 to 2 years	1,114,366	1,018,719
Over 2 years	2,567,777	2,516,353
	<b>4,904,806</b>	<b>4,958,577</b>

The tariff adjustments were invoiced upon the funds received, therefore the tariff adjustments received based on invoice date were grouped into 0 to 90 days.

## 21. TRADE AND BILLS RECEIVABLES (Continued)

### (a) Trade receivables (Continued)

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

	2025 RMB'000	2024 RMB'000
RMB	7,106,176	8,306,741
US\$	807,309	301,750
Other currencies	2,996	2,519
	<u>7,916,481</u>	<u>8,611,010</u>

### (b) Bills receivables at amortised cost

The maturity of bills receivables is within 1 year. As at 31 December 2025, bills receivables of RMB82,599,000 (2024: RMB82,189,000) was pledged as collaterals for obtaining letter of credit facilities in the PRC.

Bill receivables of RMB363,775,000 (2024: RMB967,905,000) was transferred to banks for obtaining bank borrowings. The carrying amounts of bills receivables are denominated in RMB.

Information about the loss allowance of bills receivables at amortised cost is provided in Note 3.1(b).

### (c) Loss allowance of trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables by segment. Information about the loss allowance of trade receivables is provided in Note 3.1(b).

### (d) Fair value of bills receivables at FVOCI

As at 31 December 2025, bills receivables of nil (2024: RMB2,775,000) was pledged as collaterals for obtaining bank acceptance bill.

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

Information about the loss allowance of bills receivables at FVOCI is provided in Note 3.1(b).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 22. CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group has recognised the following assets and liabilities related to contracts with customers:

	Note	2025 RMB'000	2024 RMB'000
Contract assets relating to EPC services	(a)	30,888	33,756
Less: Provision for impairment		(221)	(435)
		<u>30,667</u>	<u>33,321</u>
Contract liabilities relating to sales of solar glass	(b)	(90,343)	(79,421)

Notes:

- (a) The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The carrying amounts of contract assets approximate their fair values.
- (b) The contract liabilities primarily relate to payments received in advance for sales of glass not yet delivered to customers. Revenue is recognised when goods are delivered to customers.

For the year ended 31 December 2025, revenue recognised from the contract liability balance at the beginning of the year amounted to RMB79,421,000 (2024: RMB76,591,000) and no revenue was recognised (2024: nil) from performance obligations satisfied in prior years.

## 23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments	763,251	783,781
Deposits and other receivables (Note (a))	77,876	72,554
Other tax receivables (Note (b))	908,904	1,056,030
	<u>1,750,031</u>	<u>1,912,365</u>
Less: Non-current portion:		
Prepayments for land use rights and property, plant and equipment	<u>(474,102)</u>	<u>(415,867)</u>
Current portion	1,275,929	1,496,498
Less: Loss allowance of deposits and other receivables	<u>(1,117)</u>	<u>(1,875)</u>
	<u>1,274,812</u>	<u>1,494,623</u>

Notes:

(a) The carrying amounts of the Group's deposits and other receivables are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	70,764	69,879
Indonesian Rupesh ("IDR")	4,128	534
MYR	468	501
Japanese Yen ("JPY")	317	—
Other currencies	<u>2,199</u>	<u>1,640</u>
	<u>77,876</u>	<u>72,554</u>

(b) Other tax receivables mainly represent value added tax recoverable.

(c) The carrying amounts of deposits and other receivables approximate their fair values.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 24. FINANCE LEASE RECEIVABLES

Future receivables under finance leases as lessor are as follows:

	2025 RMB'000	2024 RMB'000
<b>Non-current receivables</b>		
Finance leases - gross receivables	238,480	266,380
Unearned finance income	(82,891)	(96,878)
	155,589	169,502
Less: Loss allowance	(5,480)	(1,528)
	150,109	167,974
<b>Current receivables</b>		
Finance leases - gross receivables	27,420	27,543
Unearned finance income	(14,758)	(15,553)
	12,662	11,990
Less: Loss allowance	(446)	(109)
	12,216	11,881
<b>Total</b>	<b>162,325</b>	<b>179,855</b>
<b>Gross receivables from finance leases:</b>		
– No later than 1 year	27,420	27,543
– Later than 1 year and no later than 2 years	27,304	27,405
– Later than 2 year and no later than 3 years	27,148	27,289
– Later than 3 year and no later than 4 years	26,658	27,133
– Later than 4 year and no later than 5 years	26,468	26,645
– Later than 5 years	130,902	157,908
	265,900	293,923
Unearned future finance income on finance leases	(97,649)	(112,431)
Net investment in finance leases	168,251	181,492
Less: Loss allowance	(5,926)	(1,637)
<b>Total</b>	<b>162,325</b>	<b>179,855</b>

## 24. FINANCE LEASE RECEIVABLES (Continued)

	2025 RMB'000	2024 RMB'000
The net investment in finance leases before loss allowance may be analysed as follows:		
– No later than 1 year	12,662	11,989
– Later than 1 year and no later than 5 years	59,349	56,435
– Later than 5 years	96,240	113,068
	<u>168,251</u>	<u>181,492</u>

## 25. CASH AND BANK BALANCES

	2025 RMB'000	2024 RMB'000
Cash at bank	4,986,210	821,492
Cash on hand	49	114
Cash and cash equivalents (Note (b))	4,986,259	821,606
Restricted cash (Note (a))	22,204	19,589
Fixed deposits with maturity over three months (Note (c))	149,000	131,338
Cash and bank balances	<u>5,157,463</u>	<u>972,533</u>

### Notes:

- a) Restricted cash mainly includes pledged bank deposits. These deposits have a maturity of six months with interest rates ranged from 0.80% to 1.50% (2024: 1.48% to 1.95%) per annum and were pledged as collaterals for obtaining letter of credit facilities in the PRC.
- b) As at 31 December 2025, funds of the Group amounting to RMB4,556,051,000, RMB192,825,000 and RMB39,898,000 (2024: RMB787,989,000, RMB110,053,000 and RMB4,662,000) were deposited in bank accounts opened with banks in the PRC, Malaysia and Indonesia respectively, where the remittance of funds is subject to foreign exchange control.
- c) The fixed deposits have an original maturity ranging from 6 months to one year with interest rates ranging from 1.0% to 2.2% (2024: 1.5% to 1.65%) per annum.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 25. CASH AND BANK BALANCES (Continued)

The carrying amounts of the Group's cash and bank balances are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	4,565,431	826,159
HK\$	34,361	32,241
US\$	251,781	77,849
Canadian dollar ("CAD")	225,100	5,289
Other currencies	80,790	30,995
	<b>5,157,463</b>	<b>972,533</b>

## 26. SHARE CAPITAL

	2025		2024	
	Number of ordinary shares '000	Ordinary shares of HK\$0.1 each HK\$'000	Number of ordinary shares '000	Ordinary shares of HK\$0.1 each HK\$'000
Authorised:				
At 1 January 2024, 31 December 2024 and 31 December 2025	<b>80,000,000</b>	<b>8,000,000</b>	80,000,000	8,000,000
Issued:				
At 1 January	9,078,447	738,830	8,903,251	723,002
Issuance of shares under employees' share option scheme (Note 27(a))	—	—	6,641	612
Issuance of shares in respect of scrip dividend				
– 2023 final dividend	—	—	2,285	212
– 2025 and 2024 interim dividend	68,596	6,278	166,270	15,004
At 31 December	<b>9,147,043</b>	<b>745,108</b>	9,078,447	738,830

## 27. SHARE-BASED PAYMENTS

### (a) Share option schemes of the Company

In June 2014, the Company adopted a share option scheme (“2014 Share Option Scheme”), which expired on 5 June 2024. Under the 2014 Share Option Scheme, the Company’s directors may, at their sole discretion, grant options to any employee of the Group to subscribe for shares of the Company at the highest of (i) the closing price of shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the day of the offer of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange’s daily quotation sheet for the five trading days immediately preceding the day of the offer of the grant; and (iii) the nominal value of shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

The total number of shares which may be issued upon exercise of all options to be granted under the 2014 Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 10% of the shares in issue on the date of commencement of dealings in the shares of the Company on the Stock Exchange, unless the Company obtains further approval from the shareholders.

Notwithstanding the above, the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2014 Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 30% of the relevant shares or securities of the Company in issue from time to time.

Information in relation to the share options granted under the 2014 Share Option Scheme to a director of the Company and employees of the Group is as follows:

<u>Date of grant</u>	<u>Number of share options granted (Note 1)</u>	<u>Exercise price (HK\$)</u>	<u>Validity period</u>	<u>Expiry date</u>
31 March 2020	8,589,000	4.39 (Note 3)	31 March 2020 to 31 March 2024	31 March 2024
31 March 2021	9,885,500	12.99 (Note 2)	31 March 2021 to 31 March 2025	31 March 2025
31 March 2022	17,753,500	13.82 (Note 3)	31 March 2022 to 31 March 2026	31 March 2026
31 March 2023	16,161,000	9.41 (Note 3)	31 March 2023 to 31 March 2027	31 March 2027
28 March 2024	18,700,000	6.15 (Note 2)	28 March 2024 to 31 March 2028	31 March 2028

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 27. SHARE-BASED PAYMENTS (Continued)

### (a) Share option schemes of the Company (Continued)

Notes:

1. One third of the options will vest on each of the year-end date within the three years after the date of the grant of the share options.
2. The exercise prices of the share options are equal to the average closing price of the Company's share for the five trading days immediately preceding the respective dates of grant.
3. The exercise prices of the share options are equal to the closing price of the Company's share on the date of grant.

The Company has adopted a new share option scheme (the "2024 Share Option Scheme") on 31 May 2024. Under the 2024 Share Option Scheme, the Company's directors may, at their sole discretion, grant options to any employee participants, related entity participants and service provider participants of the Group to subscribe for shares of the Company at the higher of (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant, which must be a Business Day; and (b) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Business Days immediately preceding the date of grant. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

The total number of shares which may be issued upon exercise of all options to be granted under the 2024 Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 890,989,183 Shares, representing 10% of the total number of Shares issue as of the date of adoption of the 2024 Share Option Scheme (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the 2024 Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

Information in relation to the share options granted under the 2024 Share Option Scheme to a director of the Company and employees of the Group is as follows:

<u>Date of grant</u>	<u>Number of share options granted (Note 1)</u>	<u>Exercise price (HK\$)</u>	<u>Validity period</u>	<u>Expiry date</u>
28 March 2025	17,050,000	3.19 (Note 2)	28 March 2025 to 31 March 2029	31 March 2029

Notes:

1. One third of the options will vest on each of the year-end date within the three years after the date of the grant of the share options.
2. The exercise prices of the share options are equal to the average closing price of the Company's share for the five trading days immediately preceding the respective dates of grant.

## 27. SHARE-BASED PAYMENTS (Continued)

### (a) Share option schemes of the Company (Continued)

Movements in the number of share options granted by the Company and their related weighted average exercise prices are as follows:

	2025		2024	
	Average exercise price per share (HK\$)	Options (in thousands)	Average exercise price per share (HK\$)	Options (in thousands)
At 1 January	10.03	55,324	10.95	49,077
Granted	3.19	17,050	6.15	18,700
Forfeited	8.51	(6,093)	11.76	(5,803)
Exercised	n/a	—	4.39	(6,641)
Expired	12.99	(8,823)	4.39	(9)
At 31 December	7.71	57,458	10.03	55,324

During the year ended 31 December 2025, no options (2024: 6,641,000 options) were exercised and a total of 6,093,000 options (2024: 5,803,000 options) were forfeited.

Out of the above outstanding share options, 12,625,000 options (2024: 9,079,000 options) were exercisable at an exercise price of HK\$13.82 per share (2024: HK\$12.99 per share) at 31 December 2025.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 27. SHARE-BASED PAYMENTS (Continued)

### (a) Share option schemes of the Company (Continued)

These outstanding share options at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK\$ per share	Options (in thousands)	
		2025	2024
31 March 2025	12.99	—	9,079
31 March 2026	13.82	12,625	13,600
31 March 2027	9.41	12,813	14,870
31 March 2028	6.15	15,493	17,775
31 March 2029	3.19	16,527	—
		57,458	55,324

The weighted average fair value of the share options granted during the year was determined using the Black-Scholes valuation model, which was performed by an independent valuer, Greater China Appraisal Limited, was approximately HK\$0.78 (2024: HK\$2.12) per option. The significant inputs into the model are as follows:

	2025	2024
Share price, at the grant date (HK\$)	3.12	6.06
Exercise price (HK\$)	3.19	6.15
Volatility (%)	53.88	56.73
Dividend yield (%)	8.01	3.71
Expected share option life (years)	3.51	3.51
Annual risk-free interest rate (%)	2.94	3.40

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the previous year. See Note 8 for the total expense recognised in the consolidated statement of profit or loss for share options granted to employees of the Group.

## 27. SHARE-BASED PAYMENTS (Continued)

### (b) Share option scheme of a subsidiary

Xinyi Energy, a non-wholly owned subsidiary of the Group, adopted a share option scheme (the “XYE Share Option Scheme”) in November 2018, which was approved by the shareholders at an extraordinary general meeting of Xinyi Energy held on 22 November 2018. The purpose of the XYE Share Option Scheme is to enable Xinyi Energy to grant options of Xinyi Energy (“XYE Share Options”) to eligible participants (“XYE Participants”) as incentives or rewards for their contribution or potential contribution to the XYE Group and to provide the XYE Participants an opportunity to have a personal stake in Xinyi Energy.

Information in relation to the XYE Share Options granted to employees of the XYE Group is as follows:

<u>Date of grant</u>	<u>Number of XYE Share Options granted (Note 1)</u>	<u>Exercise price (HK\$) (Note 2)</u>	<u>Validity period</u>	<u>Expiry date</u>
31 March 2021	2,480,000	3.78 (Note 3)	31 March 2021 to 31 March 2025	31 March 2025
31 March 2022	2,780,500	4.76 (Note 3)	31 March 2022 to 31 March 2026	31 March 2026
1 June 2023	4,000,000	2.26 (Note 2)	1 June 2023 to 31 March 2027	31 March 2027
28 March 2024	3,500,000	1.12 (Note 2)	28 March 2024 to 31 March 2028	31 March 2028
31 March 2025	3,500,000	0.97 (Note 2)	31 March 2025 to 31 March 2029	31 March 2029

Notes:

1. One third of the XYE Share Options will vest on each of the year-end date within the three years after the date of the grant of the XYE Share Options.
2. The exercise prices of the XYE share options are equal to the average closing price of Xinyi Energy’s share for the five trading days immediately preceding the respective dates of grant.
3. The exercise prices of the XYE share options is equal to the closing price of the Xinyi Energy’s share on the date of grant.

# Notes to the Consolidated Financial Statements

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## 28. SHARE PREMIUM AND OTHER RESERVES

	Other reserves							Sub-total	Total
	Share premium (Note (a))	Merger reserve (Note (b))	Capital reserve (Note (c))	Statutory reserves (Note (d))	Safety fund		Exchange reserve		
					surplus reserve (Note (e))	Share option reserve			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Year ended 31 December 2025									
Opening balance	5,595,254	(167,596)	1,823,287	2,886,847	23,648	81,857	(94,862)	4,553,181	10,148,435
Currency translation differences	—	—	—	—	—	—	57,434	57,434	57,434
Share of other comprehensive loss of investments accounted for using the equity method	—	—	—	—	—	—	(1,703)	(1,703)	(1,703)
Employees' share option scheme:									
– value of employee services	—	—	—	—	—	17,536	—	17,536	17,536
– release upon the lapse of share options	—	—	—	—	—	(1,833)	—	(1,833)	(1,833)
Issuance of shares in respect of scrip dividend of 2025 interim dividend	216,598	—	—	—	—	—	—	—	216,598
Reclass of exchange reserves upon disposal of a subsidiary (Note 32)	—	—	—	—	—	—	24,086	24,086	24,086
Appropriation to statutory reserve	—	—	—	178,218	—	—	—	178,218	178,218
Net movement of safety fund surplus reserve	—	—	—	—	7,898	—	—	7,898	7,898
Transfer of reserves upon disposal of subsidiaries	—	—	—	(109,817)	(3,348)	—	—	(113,165)	(113,165)
Changes in ownership interest in subsidiaries without loss of control (Note 15)	—	—	(7,649)	—	—	—	—	(7,649)	(7,649)
Closing balance	5,811,852	(167,596)	1,815,638	2,955,248	28,198	97,560	(15,045)	4,714,003	10,525,855

## 28. SHARE PREMIUM AND OTHER RESERVES (Continued)

	Other reserves								Total RMB'000
	Share premium (Note (a)) RMB'000	Merger reserve (Note (b)) RMB'000	Capital reserve (Note (c)) RMB'000	Statutory reserves (Note (d)) RMB'000	Safety fund		Exchange reserve RMB'000	Sub-total RMB'000	
					surplus reserve (Note (e)) RMB'000	Share option reserve RMB'000			
<b>Year ended 31 December 2024</b>									
Opening balance	6,294,092	(167,596)	1,679,972	2,698,027	13,285	83,185	(409,106)	3,897,767	10,191,859
Currency translation differences	—	—	—	—	—	—	312,629	312,629	312,629
Share of other comprehensive income of investments accounted for using the equity method	—	—	—	—	—	—	1,615	1,615	1,615
Employees' share option scheme:									
– exercise of employees' share options	32,480	—	—	—	—	(6,236)	—	(6,236)	26,244
– value of employee services	—	—	—	—	—	4,908	—	4,908	4,908
Issuance of shares in respect of scrip dividend of 2023 final dividend and 2024 interim dividend	505,865	—	—	—	—	—	—	—	505,865
Appropriation to statutory reserve	—	—	—	188,820	—	—	—	188,820	188,820
Net movement of safety fund surplus reserve	—	—	—	—	10,363	—	—	10,363	10,363
2023 final dividend	(1,237,183)	—	—	—	—	—	—	—	(1,237,183)
Acquisition of additional interest in a subsidiary	—	—	695	—	—	—	—	695	695
Changes in ownership interest in subsidiaries without loss of control	—	—	142,620	—	—	—	—	142,620	142,620
<b>Closing balance</b>	<b>5,595,254</b>	<b>(167,596)</b>	<b>1,823,287</b>	<b>2,886,847</b>	<b>23,648</b>	<b>81,857</b>	<b>(94,862)</b>	<b>4,553,181</b>	<b>10,148,435</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. SHARE PREMIUM AND OTHER RESERVES (Continued)

### (a) Share premium

Share premium of the Company is available for distributions or paying dividends to the Shareholders, according to the provisions of the Articles of Association and the Companies Law of the Cayman Islands. When the Company issues shares, excess of net proceeds received over the par value of the shares are credited to the share premium.

During the year ended 31 December 2025, no final dividend (2024: 2023 final dividend of RMB1,237,183,000) was paid out from share premium.

Issuance of shares in respect of scrip dividend of 2025 interim dividend was credited to the share premium by approximately RMB216,598,000 for the year ended 31 December 2025.

Issuance of shares in respect of scrip dividend of 2023 final dividend, issuance of shares in respect of scrip dividend of 2024 interim dividend and net proceeds received from exercise of share options exceeded the par value of the issued shares were credited to the share premium by approximately RMB9,231,000, RMB496,634,000 and RMB32,480,000 respectively for the year ended 31 December 2024.

### (b) Merger reserve

For the purpose of preparing for the initial listing of the shares of the Company on the Main Board of the Stock Exchange, the Group undertook a reorganisation (the "Reorganisation") in 2011. Merger reserve represents the difference between the share capital and share premium issued by the Company for acquisition of the subsidiaries pursuant to the Reorganisation and the aggregate capital of the subsidiaries being acquired at the time of the Reorganisation.

### (c) Capital reserve

During the year ended 31 December 2025, a decrease in equity attributable to owners of the Company, amounting to RMB7,649,000, was debited to the capital reserve in relation to the transactions with non-controlling interests in Xinyi Energy. For more details, please refer to Note 15.

During the year ended 31 December 2024, an increase in equity attributable to owners of the Company, amounting to RMB142,620,000, was credited to the capital reserve in relation to the transactions with non-controlling interests in Xinyi Energy. An increase in equity attributable to owners of the Company, amounting to RMB695,000, was credited to the capital reserve in relation to an acquisition of additional interest in a subsidiary.

## 28. SHARE PREMIUM AND OTHER RESERVES (Continued)

### (d) Statutory reserve

Subsidiaries of the Group in the PRC are required to allocate 10% of the companies' net profits to the statutory reserves fund until such fund reaches 50% of the companies' registered capitals. The statutory reserves fund can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the companies, provided that such fund is maintained at a minimum of 25% of the companies' registered capitals.

During the year ended 31 December 2025, the respective board of directors of certain PRC subsidiaries of the Group resolved to appropriate approximately RMB178,218,000 (2024: RMB188,820,000) from retained earnings to statutory reserve. Besides, the Group transferred statutory reserve of approximately RMB109,817,000 back to retained earnings upon the disposal of subsidiaries during the year.

### (e) Safety fund surplus reserve

Pursuant to the relevant PRC laws and regulations, a subsidiary engaging in mining activities is required to establish a safety fund surplus reserve based on the volume of mine extracted and subsidiaries operating renewable energy generation business are required to establish safety fund surplus reserve based on the revenue from sales of electricity.

The safety fund can only be transferred to retained earnings to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment maintenance as well as safety production inspection, consultation and training.

During the year ended 31 December 2025, the net amount of appropriation to and utilisation of safety fund surplus reserve is RMB7,898,000 (2024: RMB10,363,000). Besides, the Group transferred approximately RMB3,348,000 safety fund surplus reserve back to retained earnings upon the disposal of subsidiaries during the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 29. TRADE, BILLS AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables (Note (a))	1,440,755	2,442,951
Bills payables (Note (b))	1,187,670	1,035,623
Trade and bills payables (Note (c))	2,628,425	3,478,574
Accruals and other payables (Note (d))	3,190,188	3,653,731
Current portion	5,818,613	7,132,305
	2025 RMB'000	2024 RMB'000
Deferred government grants (Note (e))	130,000	130,000
Retention payables for construction of plant and equipment	536,063	571,967
Non-current portion	666,063	701,967

Notes:

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

	2025 RMB'000	2024 RMB'000
0 to 90 days	975,899	1,798,915
91 days to 180 days	418,733	626,988
181 days to 365 days	15,176	10,454
Over 1 year	30,947	6,594
	1,440,755	2,442,951

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

## 29. TRADE, BILLS AND OTHER PAYABLES (Continued)

Notes: (Continued)

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

	2025 RMB'000	2024 RMB'000
RMB	2,483,835	3,341,135
Other currencies	144,590	137,439
	<u>2,628,425</u>	<u>3,478,574</u>

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

	2025 RMB'000	2024 RMB'000
Payables for property, plant and equipment	2,624,201	3,070,909
Accruals for employee benefits and welfare	150,816	180,919
Payables for transportation costs and other operating expenses	161,550	208,558
Provision for value added tax and other taxes	144,719	84,034
Payables for utilities	40,543	35,487
Others	68,359	73,824
	<u>3,190,188</u>	<u>3,653,731</u>

- (e) The government grants were received from the government in subsidising the Group's purchase of property, plant and equipment in the PRC. It will be net off against the cost of acquisition when property, plant and equipment are acquired and are recognised in the consolidated statement of profit or loss on a straight-line basis over the expected lives of the related assets.
- (f) The carrying amounts of trade, bills and other payables approximate their fair values.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. BORROWINGS

	2025 RMB'000	2024 RMB'000
Unsecured bank borrowings (Note (a))	11,368,275	11,639,790
Secured other borrowings (Note (b))	—	264
Bank and other borrowings	11,368,275	11,640,054
Unsecured fixed-rate bonds (Note (g))	800,000	—
Total borrowings	12,168,275	11,640,054
Less: Non-current portion	(6,972,273)	(5,496,799)
Current portion	5,196,002	6,143,255

The maturity profile of bank and other borrowings is as follows:

	2025 RMB'000	2024 RMB'000
Repayable on demand and within 1 year	5,196,002	6,143,255
Between 1 and 2 years	1,590,065	849,978
Between 2 and 5 years	1,751,397	2,206,152
Over 5 years	2,830,811	2,440,669
	11,368,275	11,640,054

The carrying amount of the Group's bank and other borrowings were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	11,314,305	9,809,059
HK\$	53,970	1,830,995
	11,368,275	11,640,054

Notes:

- (a) Corporate guarantee was provided by the Company and its subsidiaries for the borrowings.
- (b) As at 31 December 2024, borrowings amounting to RMB264,000 are secured by fixed assets with carrying value of RMB2,068,000.

### 30. BORROWINGS (Continued)

Notes: (continued)

- (c) As at 31 December 2025, RMB363,755,000 (2024: RMB967,905,000) of the current borrowings is related to transferred receivables recognised as bills receivables at amortised cost and bear a fixed annualised interest rate from 0.30% to 0.88% (2024: 0.50% to 2.20%). These amounts are denominated in RMB and approximate their fair values as at 31 December 2025, as the impact of discounting is not significant.
- (d) The Group has complied with the financial covenants of its borrowing facilities during the 2025 and 2024 reporting period.
- (e) As at 31 December 2025 and 2024, no borrowings contained repayment on demand clause. The bank and other borrowings are repayable by instalments up to year 2045 (2024: year 2045). The carrying amounts approximate their fair values as at 31 December 2025 and 31 December 2024, as the impact of discounting is not significant.
- (f) As at 31 December 2025, the majority of borrowings bore floating interest rates and were exposed to interest rate changes. The effective annual interest rate for bank and other borrowings at 31 December 2025 was 2.42% (2024: 3.25%).
- (g) Fixed-rate bonds with a total principal of RMB800 million were issued by the Company at par value in June 2025, carrying an annual coupon rate of 2.1%. The unsecured bonds have a three-year tenor, mature in June 2028, and are traded on the China Interbank Bond Market.

#### Accounting policy of borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. BORROWINGS (Continued)

### Accounting policy of borrowings (Continued)

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as 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 eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

## 31. DEFERRED TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	320,603	168,677
Deferred tax liabilities	(201,827)	(150,349)
Deferred tax, net	118,776	18,328

The gross movements on the deferred tax account is as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	18,328	(32,946)
Derecognition of a subsidiary (Note 32(a))	(2,426)	—
Credited to the consolidated statement of profit or loss (Note 11)	113,112	58,838
Currency translation difference	(10,238)	(7,564)
At 31 December	118,776	18,328

### 31. DEFERRED INCOME TAX (Continued)

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting balances of RMB210,709,000 (2024: RMB273,686,000) within the same tax jurisdiction are as follows:

Deferred tax assets	Temporary difference arising from trade receivables and provisions RMB'000	Capital allowance and government grants RMB'000	Lease liabilities RMB'000	Enhanced tax deduction for qualifying R&D costs RMB'000	Unrealised profit and others RMB'000	Safety fund RMB'000	Total RMB'000
Year ended 31 December 2024							
Opening balance	42,116	83,616	178,095	—	7,248	3,696	314,771
Credited/(charged) to the consolidated statement of profit or loss	68,281	53,898	7,789	—	(413)	(3,696)	125,859
Currency translation difference	523	1,255	(45)	—	—	—	1,733
Closing balance	110,920	138,769	185,839	—	6,835	—	442,363
Year ended 31 December 2025							
Opening balance	110,920	138,769	185,839	—	6,835	—	442,363
Derecognition of a subsidiary	(764)	—	(3,404)	—	—	—	(4,168)
Credited to the consolidated statement of profit or loss	19,942	10,374	12,907	36,352	12,686	—	92,261
Currency translation difference	(49)	924	4	—	(23)	—	856
Closing balance	130,049	150,067	195,346	36,352	19,498	—	531,312

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. DEFERRED INCOME TAX (Continued)

	Accelerated depreciation allowance RMB'000	Right-of-use assets RMB'000	Finance lease income RMB'000	Unremitted earnings of subsidiaries and others RMB'000	Total RMB'000
<b>Year ended 31 December 2024</b>					
Opening balance	142,969	171,992	13,190	19,566	347,717
Charged to the consolidated statement of profit or loss	51,960	2,586	—	12,475	67,021
Currency translation difference	10,066	(42)	(721)	(6)	9,297
<b>Closing balance</b>	<b>204,995</b>	<b>174,536</b>	<b>12,469</b>	<b>32,035</b>	<b>424,035</b>
<b>Year ended 31 December 2025</b>					
Opening balance	204,995	174,536	12,469	32,035	424,035
Derecognition of a subsidiary	—	(1,742)	—	—	(1,742)
(Credited)/Charged to the consolidated statement of profit or loss	(28,601)	10,161	(880)	(1,531)	(20,851)
Currency translation difference	11,043	4	47	—	11,094
<b>Closing balance</b>	<b>187,437</b>	<b>182,959</b>	<b>11,636</b>	<b>30,504</b>	<b>412,536</b>

Capital allowance mainly represents the ITA entitled by the Group's subsidiary in Malaysia on its qualifying capital expenditure incurred, which can be utilised against its assessable profit.

Withholding tax is levied on dividends declared to foreign investors by the foreign investment enterprises established in the PRC, in respect of earnings generated after 31 December 2007. The Group's subsidiaries in the PRC that held by intermediate holding companies incorporated in Hong Kong, is subject to 5% to 10% withholding tax.

As at 31 December 2025, deferred tax liabilities of approximately RMB954,976,000 (2024: RMB919,029,000) were not recognised for withholding tax and other taxes that would be payable on the unremitted earnings of subsidiaries in the PRC, using a 5% (2024: 5%) withholding tax rate. Deferred tax liability is not recognised where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future. The related total unremitted earnings for which deferred withholding tax liabilities had not been recognised amounted to approximately RMB19,099,529,000 (2024: RMB18,380,574,000).

Deferred tax assets are recognised for tax loss carrying-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31 December 2025, there was no significant unrecognised tax losses (2024: nil).

## 32. DERECOGNITION OF SUBSIDIARIES

### (a) Partial disposal of Xinyi Solar (Tianjin) Limited (“Xinyi Solar (Tianjin)”)

In December 2025, the Group completed the disposal of 51% equity interests of Xinyi Solar (Tianjin) to Tianjin Binhai Construction Investment New Energy Company Limited (“Tianjin Binhai CINE”), an independent third party (the “Disposal”). The Group’s equity interests in Xinyi Solar Tianjin decreased from 100% to 49% following the Disposal. The Group lost control in Xinyi Solar Tianjin upon completion of the Disposal but retained the power to exercise significant influence over Xinyi Solar Tianjin. Therefore, Xinyi Solar Tianjin is regarded as an associate of the Company and is accounted for using the equity method.

	Note	2025 RMB'000
Net assets disposed of:		
Property, plant and equipment		(676,806)
Right-of-use assets	18(a)	(28,372)
Deferred tax assets	31	(2,426)
Trade and other receivables		(301,916)
Cash and cash equivalents		(29,578)
Lease liabilities	18(b)	35,277
Other payables and accruals		142,916
Current tax payables		4,115
Net assets derecognised upon completion of the Disposal		(856,790)
Recognition of the remaining 49% equity interests under the equity method	16	494,410
Exchange losses recycled from reserves to profit or loss	28	(24,086)
Considerations to be settled in cash		514,590
Gain on disposal		128,124

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 32. DERECOGNITION OF SUBSIDIARIES (Continued)

### (a) Partial disposal of Xinyi Solar (Tianjin) Limited (“Xinyi Solar (Tianjin)”) (Continued)

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

	2025 RMB'000
Cash consideration	514,590
Cash and cash equivalents disposed of	(29,578)
	<u>485,012</u>

### (b) Disposal of Qujing Ruitiancheng Commercial Concrete Limited (“Qujing Ruitiancheng”)

In October 2025, the Group disposed its entire 70% equity interest in Qujing Ruitiancheng with net asset value amount to RMB13,809,000 to an external party for a consideration of RMB14,081,000, resulting in a gain on disposal of RMB19,047,000, including unrealised gains related to previous sales transactions with companies within the Group. The net inflow of cash and cash equivalents from the disposal amounted to RMB13,659,000, after deducting the disposed cash balance of RMB422,000.

### 33. CASH FLOW INFORMATION

#### (a) Cash generated from operations

	Note	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Profit before income tax		1,151,831	1,935,298
Adjustments for:			
Share options granted to employees	8	17,229	4,330
Interest income	10	(18,336)	(23,279)
Interest expenses	10	339,702	432,107
Impairment losses on property, plant and equipment	17	2,321,565	392,858
Net impairment losses on inventories	7	21,360	159,330
Impairment losses on financial and contract assets, net	3.1(b)	15,954	15,563
Gains on disposal of subsidiaries	6	(147,171)	—
Amortisation charge of intangible assets	7	2,909	2,598
Depreciation charge of property, plant and equipment	7	2,083,686	1,932,268
Depreciation charge of right-of-use assets	7	87,007	90,542
Losses on disposal of property, plant and equipment	6	16,753	14,187
Gains on early termination of lease	6	(1,302)	(753)
Net fair value gains on financial assets at FVPL	6	(24,467)	(14,353)
Share of results of investments accounted for using the equity method	16	(14,367)	(17,411)
Operating cash flows before movements in working capital		5,852,353	4,923,285
Movements in working capital:			
Inventories		1,196,982	(912,638)
Trade, bills and other receivables		(64,322)	(898,794)
Finance lease receivables		24,071	13,179
Trade, bills and other payables		(735,316)	(531,442)
Contract liabilities		10,922	2,830
Amounts due to related companies		(11,816)	53,016
Amounts due from related companies		37,297	9,459
Restricted cash		(5,850)	6,427
Contract assets		2,868	(2,760)
Cash generated from operations		6,307,189	2,662,562

Due to historical construction planning, some production sites share utilities such as water and electricity with some subsidiaries of Xinyi Glass, a related party of the Group, in aggregate basis and settled separately.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. CASH FLOW INFORMATION (Continued)

### (b) Non-cash investing activities and financing activities

	2025 RMB'000	2024 RMB'000
Addition of right-of-use assets	134,923	43,342
Issuance of shares in lieu of cash dividends	332,621	523,179
	<u>467,544</u>	<u>566,521</u>

### (c) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2025 RMB'000	2024 RMB'000
Net book amount of the property, plant and equipment disposed	155,031	41,829
Losses on disposal of property, plant and equipment (Note 6)	(16,753)	(14,187)
Proceeds from disposal of property, plant and equipment	<u>138,278</u>	<u>27,642</u>

### 33. CASH FLOW INFORMATION (Continued)

#### (d) Analysis of changes in financing activities

	Liabilities from financing activities			
	Borrowings	Lease liabilities	Dividend payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Year ended 31 December 2025</b>				
Opening balance	(11,640,054)	(903,341)	(101)	(12,543,496)
Cash (inflows)/outflows – net	(475,681)	100,377	226,457	(148,847)
Foreign exchange adjustments	(51,580)	(1,890)	—	(53,470)
Interest for lease liabilities (Note 10)	—	(57,938)	—	(57,938)
2024 final dividend and 2025 interim dividend	—	—	(559,078)	(559,078)
– Shareholders of the Company	—	—	(349,114)	(349,114)
– Non-controlling interests	—	—	(209,964)	(209,964)
Other non-cash movements	(960)	(88,600)	332,572	243,012
– Scrip dividend to shareholders of the Company	—	—	222,876	222,876
– Fair value adjustment on scrip dividend to shareholders of the Company	—	—	(27,051)	(27,051)
– Scrip dividend to non-controlling interests	—	—	136,796	136,796
– Others	(960)	(88,600)	(49)	(89,609)
<b>Closing balance</b>	<b>(12,168,275)</b>	<b>(951,392)</b>	<b>(150)</b>	<b>(13,119,817)</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. CASH FLOW INFORMATION (Continued)

### (d) Analysis of changes in financing activities (Continued)

	Liabilities from financing activities			Total RMB'000
	Borrowings RMB'000	Lease	Dividend	
		liabilities RMB'000	payable RMB'000	
<b>Year ended 31 December 2024</b>				
Opening balance	(9,573,355)	(920,751)	(7)	(10,494,113)
Cash (inflows)/outflows – net	(2,251,922)	103,619	1,723,869	(424,434)
Foreign exchange adjustments	202,964	3,534	—	206,498
Interest for lease liabilities (Note 10)	—	(60,096)	—	(60,096)
2023 final dividend and 2024 interim dividend	—	—	(2,247,048)	(2,247,048)
– Shareholders of the Company	—	—	(2,064,768)	(2,064,768)
– Non-controlling interests	—	—	(182,280)	(182,280)
Other non-cash movements	(17,741)	(29,647)	523,085	475,697
– Scrip dividend to shareholders of the Company	—	—	521,081	521,081
– Fair value adjustment on scrip dividend to shareholders of the Company	—	—	(40,143)	(40,143)
– Scrip dividend to non-controlling interests	—	—	42,241	42,241
– Others	(17,741)	(29,647)	(94)	(47,482)
<b>Closing balance</b>	<b>(11,640,054)</b>	<b>(903,341)</b>	<b>(101)</b>	<b>(12,543,496)</b>

### (e) Total cash outflow for leases

The total cash outflow for leases is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	39,104	57,590
Within financing activities	61,273	46,029
Payments in relation to short-term leases of land and buildings	3,130	3,401
	<b>103,507</b>	<b>107,020</b>

### 34. OPERATING LEASE COMMITMENTS

The Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of land and buildings with lease terms as follows:

	2025 RMB'000	2024 RMB'000
Not later than one year	5,271	9,139
Later than 1 year and not later than 5 years	344	5,160
Over 5 years	310	273
	<b>5,925</b>	<b>14,572</b>

### 35. CAPITAL COMMITMENTS

Capital expenditures of RMB 714,964,000 (2024: RMB1,121,511,000) was contracted for at the end of the year but not yet incurred.

### 36. BANKING FACILITIES

The banking facilities made available to subsidiaries of the Group as of the year-end date are as follows:

	2025		2024	
	Total facilities RMB'000	Facilities utilised RMB'000	Total facilities RMB'000	Facilities utilised RMB'000
Banking facilities granted to subsidiaries of the Group without securities	21,265,175	11,370,532	16,212,633	10,674,252

### 37. RELATED PARTY TRANSACTIONS

As at 31 December 2025, the Group was controlled by Dr. LEE Yin Yee, S.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung (together, the "Controlling Shareholders"), which in aggregate held 26.83% (2024: 26.50%) of the Company's shares. 23.82% (2024: 23.68%) of the shares were held by Xinyi Glass and its subsidiary, and the remaining 49.35% (2024: 49.82%) of the shares were widely held.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 37. RELATED PARTY TRANSACTIONS (Continued)

### (a) Transactions with related parties

In addition to those disclosed elsewhere in the consolidated financial statements, the following is a summary of the transactions carried out between the Group and its related parties in the ordinary course of business during the year.

	Note	2025 RMB'000	2024 RMB'000
Related party transactions with subsidiaries of Xinyi Glass*			
– Purchases of machineries	i, ii	1,186	199,371
– Freight for marine transportation	i, iii	28,082	23,771
– Sales of electricity	v, vi	14,820	—
– Purchases of and processing of raw materials	v, vi	13,106	1,677
– Purchases of fixed assets	v, vi	12,318	—
– Rental income received	v, vii	6,369	6,369
– Rental expenses paid	v, vii	5,461	4,370
– Sales of consumables	v, vi	5,178	8,976
– Purchases of glass products	v, vi	2,316	5,417
– Sales of raw materials	v, vi	2,229	—
– Sales of machineries	v, vi	1,417	5
– Purchases of consumable products	v, vi	1,155	1,886
– Purchases of logistic services	v, vi	1,458	11
– Sales of silica sand	i, ix	—	51,668
– Sales of green electricity certificate	v, vi	—	138
Related party transactions with a subsidiary of Xinyi Energy^			
– Solar farm management fee paid	i, viii	8,930	11,485
– Purchase green power certificates	v, vi	1,396	—
Related party transactions with subsidiaries of Xinyi Electric Storage Holdings Limited#			
– Purchases of and processing of battery pack, chargers and energy storage facilities	i, iv	752	8,835
– Purchases of consumable products	v, vi	354	25
– Sales of consumable products	v, vi	110	—

## 37. RELATED PARTY TRANSACTIONS (Continued)

### (a) Transactions with related parties (Continued)

#### *Acquisition of wind farm project*

In December 2025, the Group completed the acquisition 82% and 18% of the issued shares of Xinyi Wind Power (Jinzhai) Company Limited from Xinyi Energy Smart (Wuhu) Company Limited and Anhui Xinyi Power Source Company Limited respectively for an aggregate consideration of RMB62.0 million. The transaction constituted a connected transaction as defined in Chapter 14A of the Listing Rules. Details of the transactions were disclosed in the Company's announcement dated 23 December 2025 and 16 January 2026.

\* Companies under control of a company which has a significant influence on the Group.

# Subsidiaries of company with its issued share capital owned as to more than 30% in aggregate by the various directors of the Company, namely Dr. LEE Yin Yee, S.B.S., Tan Sri Datuk TUNG Ching Sai J.P., Mr. LI Man Yin and their respective associates.

^ Connected subsidiary of the Company.

#### Notes:

- (i) The transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (ii) The purchases of machineries were charged at considerations based on mutually agreed terms. Details of the transactions were disclosed in the Company's announcement dated 30 December 2024.
- (iii) The freight for marine transportation services was charged at mutually agreed prices and terms. Details of the transactions were disclosed in the Company's announcement dated 17 December 2024.
- (iv) The purchases of and processing of battery pack, chargers and energy storage facilities was charged at mutually agreed prices and terms. Details of the transactions were disclosed in the Company's announcement dated 31 October 2023.
- (v) The transactions were de minimis transactions entered into in the ordinary course of business and under normal commercial terms. They are exempted from all the reporting, announcement and independent shareholders' approval requirements by virtue of rule 14A.76 of the Listing Rules.
- (vi) The transactions were conducted at mutually agreed prices and terms.
- (vii) The leases of premises were charged at mutually agreed rental.
- (viii) The management fee was charged in accordance with the renewal memorandum dated 31 December 2024 to confirm the renewal of the solar farm operation and management agreement dated 5 December 2018. Details of the transactions were disclosed in the Company's announcement dated 31 December 2024.
- (ix) The sales of silica sand were charged at mutually agreed prices and terms. Details of the transactions during 2024 were disclosed in the Company's announcement dated 4 January 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 37. RELATED PARTY TRANSACTIONS (Continued)

### (b) Balances with related parties

	2025 RMB'000	2024 RMB'000
Amounts due from investment accounted for using the equity method		
– Xinyi Solar (Lu'an)	24,980	60,186
– Parkland Renewable	—	2,235
	<u>24,980</u>	<u>62,421</u>
Loans to investment accounted for using the equity method		
– Xinyi Solar (Tianjin)	138,810	—
– Parkland Renewable	15,532	—
	<u>154,342</u>	<u>—</u>
Amounts due from related companies		
– Xinyi Energy Smart (Wuhu) Limited*	836	—
– Xinyi Glass (Hainan) Company Limited*	92	92
– Xinyi Special Glass (Jiangmen) Company Limited*	32	25
– Xinyi Glass (Jiangsu) Company Limited*	20	20
– Xinyi Energy Smart (JiangMen) Company Limited*	39	—
– Xinyi Glass (Tianjin) Company Limited*	6	—
– Xinyi Glass (Guangxi) Company Limited*	5	—
– Xinyi Energy Smart (Sichuan) Company Limited*	1	—
– Xinyi Glass (Chongqing) Company Limited*	—	757
	<u>1,031</u>	<u>894</u>
Less: loss allowance	(4)	(7)
	<u>1,027</u>	<u>887</u>

### 37. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Balances with related parties (Continued)

	2025 RMB'000	2024 RMB'000
Amounts due to related companies		
– Xinyi Electronic Glass (Wuhu) Company Limited*	(1,169,535)	—
– Xinyi Group (Glass) Company Limited*	(537,743)	(562,373)
– Anhui Xinyi Intelligent Machinery Company Limited*	(80,211)	(124,135)
– Guangxi Xinyi Supply Chain Management Limited*	(61,519)	—
– Anhui Xinyi New Material Technology Company Limited.*	(14,044)	—
– Xinyi Glass (Guangxi) Company Limited*	(9,361)	—
– Xinyi Energy Smart (Wuhu) Limited*	(5,084)	(35)
– STI Company Limited^	(4,996)	—
– Xinyi Power (Suzhou) Limited #	(4,613)	(9,180)
– Xinyi Energy Smart (Malaysia) Sdn Bhd*	(3,161)	(2,995)
– Pinetree Company Limited*	(1,655)	—
– Hong Kong Xinyi Shipping Company Limited*	(1,635)	(2,006)
– Anhui Xinyi Power Source Company Limited#	(1,116)	—
– Xinyi Energy Smart (Yunnan) Company Limited*	(811)	—
– Xinyi Glass Engineering (Dongguan) Company Limited*	(702)	—
– PT Xinyi Glass Indonesia*	(433)	—
– Polaron Energy Corp. #	(200)	—
– Xinyi Automobile Glass (Shenzhen) Company Limited*	(168)	(1,150,655)
– Xinyi Ultra-thin Glass (Dongguan) Company Limited*	—	(702)
– Xinyi Glass (Jiangmen) Company Limited*	—	(51)
	<b>(1,896,987)</b>	<b>(1,852,132)</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 37. RELATED PARTY TRANSACTIONS (Continued)

### (b) Balances with related parties (Continued)

- \* Companies under control of a company which has a significant influence on the Group.
- # Company with its issued share capital owned as to more than 30% in aggregate by the various directors of the Company, namely Dr. LEE Yin Yee, S.B.S., Tan Sri Datuk TUNG Ching Sai *J.P.*, Mr. LI Man Yin and their respective associates.
- ^ A non-controlling shareholder of a subsidiary of Xinyi Energy.

The amounts due from related companies, amounts due from investment accounted for using the equity method, loan to Xinyi Solar (Tianjin) and amounts due to related companies are unsecured, interest free and repayable on demand. The amounts approximate their fair values and are denominated in HK\$, RMB, CAD, JPY and MYR.

Loan to Parkland Renewable is denominated in MYR, unsecured and interest bearing. Effective interest rate of the loan during the year ended 31 December 2025 is 6.63%.

### (c) Key management compensation

Key management includes executive and non-executive directors as well as senior management. The compensation paid or payable to key management for employee services is shown below:

	2025 RMB'000	2024 RMB'000
Basic salaries, bonus, other allowances and benefits	21,932	26,678
Retirement benefits - defined contribution scheme	76	75
Share options granted	1,620	412
	<b>23,628</b>	<b>27,165</b>

Details of directors' and the chief executive's emoluments are disclosed in Note 9(a).

### 38. FINANCIAL INSTRUMENTS BY CATEGORY

	2025 RMB'000	2024 RMB'000
<b>Financial Assets</b>		
Financial assets at amortised cost		
Trade and other receivables excluding prepayments and other tax receivables	7,913,420	8,612,043
Bills receivables at amortised cost (Note 21)	2,811,663	3,046,843
Finance lease receivables (Note 24)	162,325	179,855
Restricted cash (Note 25)	22,204	19,589
Fixed bank deposits (Note 25)	149,000	131,338
Cash and cash equivalents (Note 25)	4,986,259	821,606
Amounts due from related companies (Note 37(b))	1,027	887
Amounts due from investments accounted for using the equity method (Note 37(b))	24,980	62,421
Loans to investments accounted for using the equity method (Note 37(b))	154,342	—
	<b>16,225,220</b>	<b>12,874,582</b>
Financial assets at fair value		
Bills receivables at FVOCI (Note 21)	1,118,858	280,756
Securities private fund product (Note 3.3(a))	68,561	58,243
	<b>17,412,639</b>	<b>13,213,581</b>
<b>Financial Liabilities</b>		
Financial Liabilities at amortised cost		
Trade and other payables excluding non-financial liabilities	4,871,471	6,403,697
Bills payables (Note 29)	1,187,670	1,035,623
Borrowings (Note 30)	12,168,275	11,640,054
Lease liabilities (Note 18)	951,392	903,341
Amounts due to related companies (Note 37(b))	1,896,987	1,852,132
	<b>21,075,795</b>	<b>21,834,847</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 39. VALUATION OF POLYSILICON MANUFACTURING FACILITIES

### Impairment Testing - Valuation of Polysilicon Production Facilities

The impairment loss recognised in respect of the Group's polysilicon production facilities (the "CGU") was measured as the excess of the carrying amount of its assets over its recoverable amount, which was determined based on a value in use calculation, by reference to a valuation report prepared by an independent professional valuer (the "Valuer"). Further details about the valuation are disclosed below.

#### (a) Valuation method used by the Valuer and its reasons

The Valuer considered the market, cost, and income approaches, and ultimately adopted the discounted cash flow (the "DCF") method under the income approach to determine the value in use of the CGU. The market approach was not adopted due to insufficient relevant comparable transactions, and the cost approach was deemed inappropriate as it ignores the future economic benefits of the CGU as a going concern.

According to HKAS 36 "Impairment of Assets", estimating the value in use of an asset or cash-generating unit involves: (i) estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal; and (ii) applying the appropriate discount rate to those future cash flows. Accordingly, the DCF method was considered the most appropriate approach to determine the value in use, as it strictly aligns with the requirements of HKAS 36 by directly measuring the present worth of the expected cash inflows and outflows from the continuing operation of the CGU over its projected life.

The free cash flow to the firm (the "FCFF") model was utilised in this valuation. FCFF represents the amount of cash available to both debt and equity holders after all operating expenses, taxes, changes in net working capital and capital expenditures. The expected FCFF for each year was determined as follows:

$$\begin{aligned} \text{Expected FCFF} &= \text{Net profit} + \text{Depreciation and amortisation} \\ &\quad - \text{Changes in net working capital} - \text{Capital expenditures} \end{aligned}$$

The present value of all expected FCFF was calculated as follows:

$$PVCF = \sum \frac{FCFF}{(1+r)^n}$$

Where:

$PVCF$  = Present value of the expected FCFF

$r$  = Discount rate

$n$  = Number of years

The projection period is approximately 16 years up to 2041, when the majority of the facilities approach the end of their useful life.

### 39. VALUATION OF POLYSILICON MANUFACTURING FACILITIES (Continued)

#### Impairment Testing - Valuation of Polysilicon Production Facilities (Continued)

(b) *Key inputs and assumptions adopted in the valuation*

(i) Financial projections

The FCFF model was based on the financial budgets of the CGU covering a 16-year period up to 2041, which aligns with the estimated useful life of the facilities. The revenue of the CGU was projected based on the production outputs and anticipated selling prices of polysilicon products. For the initial 5-year operational period after production ramp up period, it was expected that the revenue growths would range from 2% to 5%, gross margins from 8% to 14%, and profit margins from 1% to 6%. For the subsequent steady-state period up to 2041, revenue was projected to grow steadily at 2% annually, with gross margins stabilising at 14% to 15% and profit margins at 5% to 7%.

(ii) Discount rate

The pre-tax discount rate was 10.3% in the FCFF model, based on the weighted average cost of capital (the "WACC") of the CGU. Key inputs used to determine the WACC, such as risk-free rate, market risk premium, beta, cost of debt and debt-to-equity ratio, were mainly sourced from Bloomberg database.

(iii) Changes in valuation method, inputs or assumptions

As it was the first year that the Group engaged the Valuer for the value in use calculation, there were no changes in the valuation method, inputs or assumptions compared to prior years.

### 40. COMPARATIVE AMOUNTS

Certain prior year grouping have been changed, and certain comparative amounts have been re-presented to conform with the current year's presentation.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2025 RMB'000	2024 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Interests in subsidiaries		1,556,242	1,599,209
<b>Current assets</b>			
Amounts due from subsidiaries		7,774,459	7,457,824
Prepayments and other receivables		9,790	8,525
Cash and cash equivalents		807	578
<b>Total current assets</b>		<b>7,785,056</b>	<b>7,466,927</b>
<b>Total assets</b>		<b>9,341,298</b>	<b>9,066,136</b>
<b>Equity</b>			
Share capital	26	745,108	738,830
Share premium	(a)	5,811,852	5,595,254
Share option reserve	(a)	97,200	81,163
Exchange reserve	(a)	442,496	824,917
Retained earnings	(a)	1,433,445	1,823,411
<b>Total equity</b>		<b>8,530,101</b>	<b>9,063,575</b>
<b>Non-current liabilities</b>			
Borrowings		800,000	—
<b>Total non-current liabilities</b>		<b>800,000</b>	<b>—</b>
<b>Current liabilities</b>			
Accruals and other payables		11,197	2,561
<b>Total current liabilities</b>		<b>11,197</b>	<b>2,561</b>
<b>Total liabilities</b>		<b>811,197</b>	<b>2,561</b>
<b>Total equity and liabilities</b>		<b>9,341,298</b>	<b>9,066,136</b>

The statement of financial position of the Company was approved by the Board of Directors on 27 February 2026 and was signed on its behalf.

LEE Yin Yee, S.B.S.  
Chairman and Non-Executive Director

LEE Shing Put, B.B.S.  
Vice Chairman, Chief Executive Officer and Executive Director

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

(a) Movement of share premium, other reserves and retained earnings of the Company

	Share premium RMB'000	Share option reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000
<b>Year ended 31 December 2024</b>				
Opening balance	6,294,092	80,721	545,748	381,373
Profit for the year	—	—	—	2,309,766
Currency transaction difference	—	—	279,169	—
Employees' share option scheme:				
– exercise of employees' share options	32,480	(6,236)	—	—
– value of employee services	—	6,678	—	—
Issuance of shares in respect of scrip dividend of 2023 final dividend and 2024 interim dividend	505,865	—	—	(40,143)
2023 final dividend	(1,237,183)	—	—	—
2024 interim dividend	—	—	—	(827,585)
<b>Closing balance</b>	<b>5,595,254</b>	<b>81,163</b>	<b>824,917</b>	<b>1,823,411</b>
<b>Year ended 31 December 2025</b>				
Opening balance	5,595,254	81,163	824,917	1,823,411
Loss for the year	—	—	—	(13,801)
Currency transaction difference	—	—	(382,421)	—
Employees' share option scheme:				
– value of employee services	—	16,037	—	—
Issuance of shares in respect of scrip dividend of 2025 interim dividend	216,598	—	—	(27,051)
2025 interim dividend	—	—	—	(349,114)
<b>Closing balance</b>	<b>5,811,852</b>	<b>97,200</b>	<b>442,496</b>	<b>1,433,445</b>

The Cayman Islands law permits dividends or other distributions to be paid out of share premium.

# Notes to the Consolidated Financial Statements

## 42. EVENTS AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 31 December 2025 and up to the date of this annual report.

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Xinyi Solar Holdings Limited and its subsidiaries.

### 43.1 Subsidiaries

#### *43.1.1 Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and consolidated statement of financial position respectively.

#### (a) Business combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.1 Subsidiaries (Continued)

#### 43.1.1 Consolidation (Continued)

(a) Business combinations (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interests in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

# Notes to the Consolidated Financial Statements

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.1 Subsidiaries (Continued)

#### 43.1.1 Consolidation (Continued)

- (b) Changes in ownership interests in subsidiaries without loss of control

The group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to equity holders of the Company.

- (c) Changes in ownership interests in subsidiaries with loss of control

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

#### 43.1.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 43.2 Associates

Associates are all entities over which the Group has significant influence but not control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.3 Joint arrangements

Under HKFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

### 43.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amounts of equity-accounted investments is tested for impairment in accordance with the policy described in Note 43.10.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

# Notes to the Consolidated Financial Statements

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

### 43.6 Foreign currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is HK\$. The consolidated financial statements are presented in RMB, which is the Group's presentation currency.

#### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss within "other gains/(losses) – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.6 Foreign currency translation (Continued)

#### (c) *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### 43.7 Property, plant and equipment

Freehold land is stated at historical cost less subsequent accumulated impairment losses.

Buildings comprise mainly factories and offices. Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and subsequent accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the replaced parts are derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

# Notes to the Consolidated Financial Statements

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.7 Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 43.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses) – net" in the consolidated statement of profit or loss.

### 43.8 Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

### 43.9 Intangible assets

#### (a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units ("CGUs"), or Groups of CGUs, that is expected to benefit from the synergies of the combination. The CGUs or Group of CGUs to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### (b) Mining rights

Separately acquired mining licences are stated at historical cost less accumulated amortisation and impairment losses. The Group amortises mining licences with a finite useful life using the straight-line method over nine years.

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.9 Intangible assets (Continued)

#### (c) Softwares

Separately acquired softwares are stated at historical cost less accumulated amortisation and impairment losses. The Group amortises softwares with a finite useful life using the straight-line method over ten years.

### 43.10 Impairment of non-financial assets

Goodwill has an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 43.11 Financial assets

#### (a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Finance lease receivables are regarded as financial assets for the purpose of derecognition and impairment.

# Notes to the Consolidated Financial Statements

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.11 Financial assets (Continued)

#### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### (c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial assets not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses) – net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains/(losses) – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses) – net" and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other gains/(losses) – net" in the period in which it arises.

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.11 Financial assets (Continued)

#### (d) *Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 set forth how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, bills receivables, finance lease receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For the other financial assets, expected credit losses are assessed according to change in credit quality since initial recognition, which is measured at either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

#### (e) *Cash flows*

The Group reports its financing and investing cash flows on a gross basis, except for cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short.

The Group enters into a series of discounting and endorsement agreements that transfers to a third party ("Transferee") its rights to cash to be collected from bills receivables in exchange for an immediate cash payment or a purchase of raw materials.

In a discounting arrangement where the Group de-recognises the discounted bills receivables and receives cash from the Transferee, the cash receipt is classified as an operating cash inflow, since the Group considers they has received cash in exchange for receivables that arose from its operating activities.

Where the Group continues to recognise the bills receivables, the amount received from the Transferee is recorded as a financial liability (the "Separate Financing Transaction"), and the cash received is classified as a financing cash inflow. Management considers that in substance the Transferee collects the bills receivable on the Group's behalf and retains the cash in settlement of the Separate Financing Transaction. The Group presents the cash inflows received from the Transferee as financing cash inflows and the subsequent payments by the debtor as both operating cash inflows and financing cash outflows respectively.

# Notes to the Consolidated Financial Statements

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.12 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### 43.13 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

### 43.14 Contract assets and contract liabilities

A contract asset is an entity's right to consideration in exchange for goods or services that the Group has transferred to a customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis set out in Note 22.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration.

Contract assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when they are attributable to the same counterparties.

### 43.15 Cash and cash equivalents and restricted cash

Cash and cash equivalents and restricted cash include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

Bank deposits which are restricted to use are included in 'Restricted cash'. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 43.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 43.18 Government grant

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are initially included in liabilities as deferred government grants and when such property, plant and equipment are built or purchased, the received government grants are netted off with cost of the related assets.

### 43.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

# Notes to the Consolidated Financial Statements

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.20 Current and deferred tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

#### (b) *Deferred tax*

Inside basis differences

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.20 Current and deferred tax (Continued)

#### (b) *Deferred tax* (Continued)

##### Outside basis differences

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax liabilities are provided on taxable temporary differences arising from investment in a joint venture and associates, including the taxable temporary differences arising from undistributed profits, as the timing of the reversal of the temporary difference is not controlled by the Group.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, a joint venture and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

#### (c) *Offsetting*

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred taxes balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 43.21 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets as part of "other gains/(losses) – net".

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated statement of profit or loss. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, details are disclosed in Note 10.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

# Notes to the Consolidated Financial Statements

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.22 Employee benefits

#### (a) *Short-term obligations*

Liabilities for wages and salaries that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

#### (b) *Pension obligations*

The Group participates in a number of defined contribution plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant group companies. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (c) *Employees leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (d) *Bonus plans*

The Group recognises a liability and an expense for bonuses, based on a formula that take into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.23 Share-based payments

#### (a) *Equity-settled share-based payment transactions*

Share-based compensation benefits are provided to employees via the share option scheme. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price); and
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the entities revise their estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

#### (b) *Share-based payment transaction among group entities*

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

# Notes to the Consolidated Financial Statements

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.24 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

## 43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

### 43.25 Financial guarantee

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Company.

### 43.26 Earnings per share

#### (a) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- The profits attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

#### (b) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

# Financial Summary

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000 (Restated)	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)
<b>Result</b>					
Revenue	20,861,164	21,921,447	24,163,667	17,677,633	13,353,793
Cost of sales	(16,400,140)	(18,055,449)	(17,697,502)	(12,383,144)	(7,492,702)
Gross profit	4,461,024	3,865,998	6,466,165	5,294,489	5,861,091
Profit before income tax	1,151,831	1,935,298	5,104,849	4,444,414	5,465,266
Income tax expense	(492,262)	(526,227)	(797,171)	(717,000)	(821,491)
Profit for the year	659,569	1,409,071	4,307,678	3,727,414	4,643,775
Profit /(Loss) attributable to:					
– the equity holders of the company	844,525	1,008,233	3,842,756	3,280,582	4,097,817
– non-controlling interest	(184,956)	400,838	464,922	446,832	545,958

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000 (Restated)	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)
<b>Assets and Liabilities</b>					
Total assets	56,916,068	56,932,484	55,071,845	45,245,349	40,119,921
Total liabilities	21,979,709	22,524,612	20,576,746	13,731,057	10,770,189
	34,936,359	34,407,872	34,495,099	31,514,292	29,349,732
<b>Equity</b>					
Equity attributable to equity holders of the Company	29,831,843	29,051,790	29,138,064	26,627,581	24,783,160
Non-controlling interests	5,104,516	5,356,082	5,357,035	4,886,711	4,566,572
	34,936,359	34,407,872	34,495,099	31,514,292	29,349,732