新特能源股份有限公司
Xinte Energy Co., Ltd.

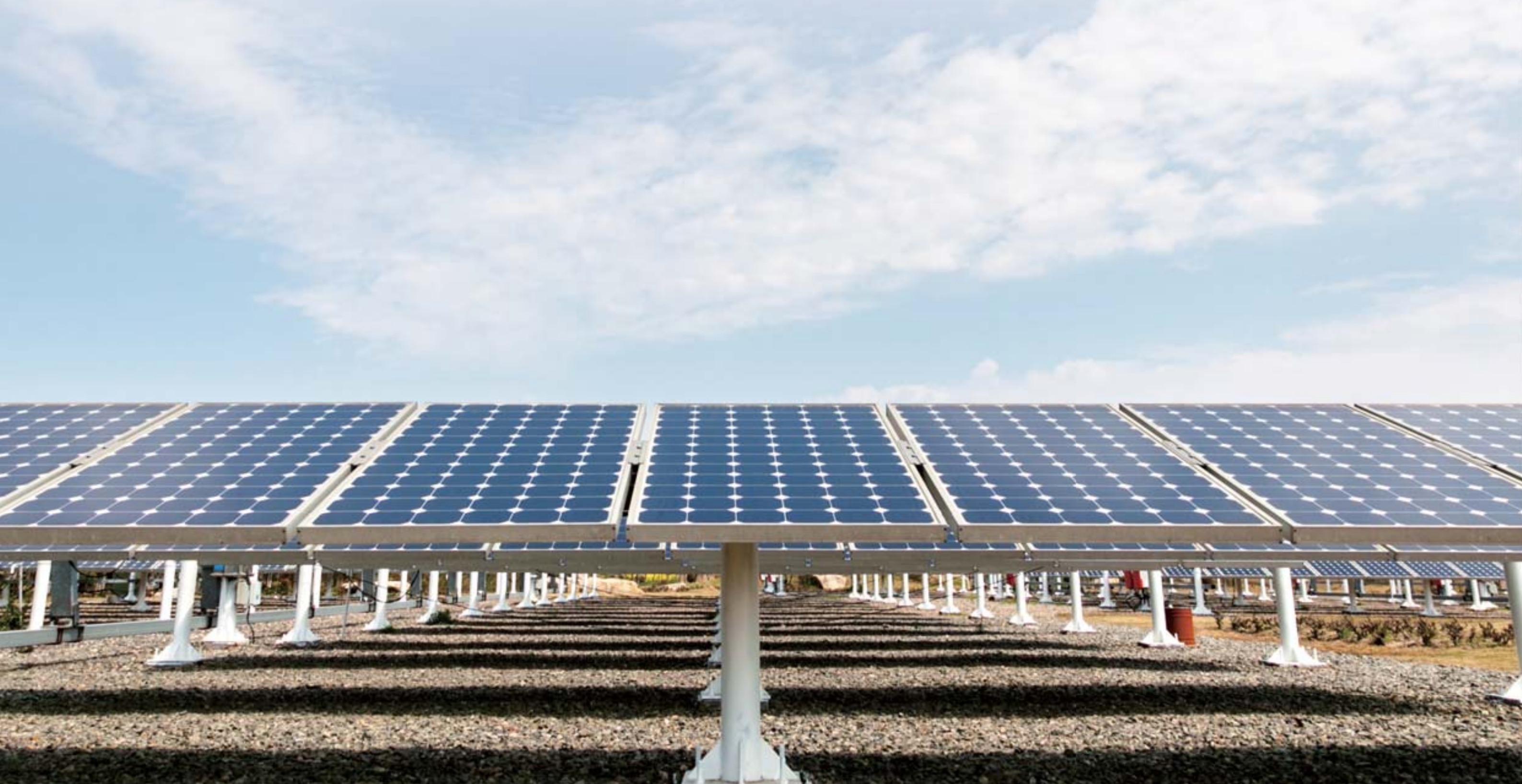
(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock code : 1799

Annual Report

新特能源股份有限公司

Contents



Corporate Profile

Directors

Executive Directors

Mr. Zhang Jianxin *(Chairman of the Board of Directors)*
Mr. Ma Xuping
Mr. Yin Bo

Non-executive Directors

Mr. Wang Jian
Mr. Zhang Xin
Ms. Guo Junxiang

Independent Non-executive Directors

Mr. Qin Haiyan
Mr. Yang Deren
Mr. Wong, Yui Keung Marcellus

Supervisors

Mr. Chen Qijun
Ms. Wu Wei
Mr. Hu Shujun
Mr. Zhang Yueqiang[(1)]
Mr. Cao Huan
Mr. Nan Xinjian[(2)]

Audit Committee

Mr. Wong, Yui Keung Marcellus *(Chairman)*
Mr. Yang Deren
Mr. Qin Haiyan
Mr. Wang Jian
Ms. Guo Junxiang

Nomination Committee

Mr. Qin Haiyan *(Chairman)*
Mr. Yang Deren
Mr. Yin Bo
Mr. Wong, Yui Keung Marcellus
Mr. Zhang Xin

Remuneration and Appraisal Committee

Mr. Yang Deren *(Chairman)*
Mr. Qin Haiyan
Mr. Ma Xuping
Mr. Wong, Yui Keung Marcellus
Mr. Zhang Jianxin

Strategic Committee

Mr. Zhang Jianxin *(Chairman)*
Mr. Yang Deren
Mr. Qin Haiyan
Mr. Ma Xuping
Mr. Zhang Xin

Joint Company Secretaries

Ms. Zhang Juan
Ms. Ng Wing Shan

Authorized Representatives

Mr. Wong, Yui Keung Marcellus
Ms. Ng Wing Shan

Auditor

PricewaterhouseCoopers
22/F, Prince's Building
Central
Hong Kong

Compliance Adviser

GF Capital (Hong Kong) Limited
29–30/F, Li Po Chun Chambers
189 Des Voeux Road Central, Hong Kong

(1) Mr. Zhang Yueqiang was elected as an employee representative supervisor on 14 April 2016.
(2) Mr. Nan Xinjian resigned on 14 April 2016.

Corporate Profile

Legal Advisers
As to Hong Kong law
Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

Registered Office
No. 2499, Mianguangdong Street,
Ganquanpu Economic and Technological
Development Zone (Industrial Park),
High-tech Industrial Development Zone
(New Downtown), Urumqi, Xinjiang, PRC

Headquarters and Principal Place of Business in the PRC
No. 2499, Mianguangdong Street,
Ganquanpu Economic and Technological
Development Zone (Industrial Park),
High-tech Industrial Development Zone
(New Downtown), Urumqi, Xinjiang, PRC

Principal Place of Business in Hong Kong
18/F, Tesbury Centre, 28 Queen's Road East,
Wanchai, Hong Kong

H Share Registrar
Computershare Hong Kong Investor Services Limited
Unit 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Stock Code
1799

Company Website
http://www.xtnysolar.com

Investor Communication
TEL: 86 991-3665888
FAX: 86 991-3672600-102
E-mail: ir@xinteenergy.com

Definitions

In this annual report, unless the context otherwise requires, the following terms and expressions have the meanings as set forth below:

"Articles of association" or "Articles"	the articles of association adopted by the Company
"Audit Committee"	Audit Committee of the board of Directors
"average utilization hours"	the gross generation in a specified period divided by the average installed capacity in such period
"Board" or "Board of Directors"	the Board of Directors of the Company
"BOO"	Build-Own-Operate, a contracting model in which the contractor undertakes the construction, operations and maintenance of a project. Unlike the BT structure, the contractor owns the project and does not have to transfer it to another entity
"BT"	Build and Transfer, a contracting model in which the contractor serves as the project investor (by setting up a project company as its subsidiary) and undertakes the financing and development of the project. The BT contractor eventually transfers and sells the equity interest in the project company to a third-party purchaser, thereby recovering the construction, subcontracting and/or financing costs on the project
"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this report, Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Connected Transaction(s)"	has the same meaning as ascribed to it under the Hong Kong Listing Rules
"Connected Person(s)"	has the same meaning as ascribed to it under the Hong Kong Listing Rules
"Associate"	has the same meaning as ascribed to it under the Hong Kong Listing Rules
"Controlling Shareholder(s)"	has the meaning as defined in the Hong Kong Listing Rules
"Directors"	the directors of the Company

Definitions

"Domestic Shares"	ordinary shares in the Company's share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"ECC"	Engineering and Construction Contracting, including EPC and BT mode
"EPC"	Engineering-Procurement-Construction, a contracting model in which the contractor undertakes the entire process of designing, procuring, constructing and commissioning the project
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Company", "our Company", "Xinte Energy", "we"or"us"	Xinte Energy Co., Ltd. (新特能源股份有限公司), a joint stock company with limited liability incorporated under the laws of the PRC on 16 October 2012 and except where the context indicates otherwise in respect of the period before our Company become the holding company of our present subsidiaries, the present subsidiaries of our Company and the business carried on by such subsidiaries or (as the case may be) their respective predecessors
"Group", "our Group"	our Company and its subsidiaries
"GW"	gigawatt, a unit of power. 1GW = 1,000MW
"H Share(s)"	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Main Board of the Stock Exchange
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"IAS"	International Accounting Standards and its interpretation
"IFRSs"	International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"installed capacity"	the intended full-load output of a power generating project usually denominated in MW; also known as the rated capacity or the (designed) production capacity
"kW"	kilowatt, a unit of power, 1kW = 1,000 watts

Definitions

"Latest Practicable Date"	20 April 2016, being the latest practicable date prior to the printing of this annual report for ascertaining certain information contained herein
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"MW"	megawatt, a unit of power, 1MW = 1,000kW, The capacity of a power project is generally expressed in MW
"NDRC"	National Development and Reform Commission
"Nomination Committee"	Nomination Committee of the Board of Directors
"OFAC"	the United States Treasury Department's Office of Foreign Assets Control
"on-grid tariff"	the selling price of electricity for which a power generating project could sell the electricity it generated to the power grid companies, usually denominated in RMB/kWh
"PC"	Procurement and Construction, a contracting model in which the contractor is only responsible for procurement of general equipment and materials and execution of the construction plan
"PV"	photovoltaic
"pipeline projects/resources"	power generating projects that the Company reserved for future development after entering into development agreements with local PRC governments
"prospectus"	the prospectus being issued on 17 December 2015 by the Company
"province"	a province or, as the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Remuneration and Appraisal Committee"	Remuneration and Appraisal Committee of the Board of Directors
"RMB" or "Renminbi"	the lawful currency of the PRC

Definitions

"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, including Domestic Shares and H shares
"Shareholders(s)"	holder(s) of the Share(s)
"Silicon Industry"	Silicon Industry of China Nonferrous Metals Industry Association
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning as ascribed to it under Hong Kong Listing Rules
"Supervisor(s)"	any one (or all) of the supervisor(s) of the Company
"Supervisory Board"	the Supervisory Board of our Company
"TBEA"	TBEA Co., Ltd. (特變電工股份有限公司), held 60.18% equity interest in our Company as of the Latest Practicable Date. TBEA is our Controlling Shareholder
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Xinjiang New Energy"	TBEA Xinjiang New Energy Co., Ltd. (特變電工新疆新能源股份有限公司)
"Xinjiang Tebian"	Xinjiang Tebian (Group) Co., Ltd. (新疆特變電工集團有限公司) held 5.53% equity interest in our Company as of the Latest Practicable Date. Xinjiang Tebian is a Connected Person of our Company as it is a controlled company with more than 30% of its equity interest being held, directly or indirectly, by Mr. Zhang Xin who is a Connected Person of our Company by virtue of his position as our Director

Major Events in 2015

JANUARY

The Company's 500kW inverter has passed the certification of BDEW of Germany, which remarked that the Company achieved new results in the progress of inverter internationalization.

The International Standard of "the method to determine the carbon content in silica powder via infrared absorption in the induction furnace after burning" has been issued officially in January 2015. It was the first time for the Company to take part in drafting the International Standard, which remarked that the Company made a breakthrough and also expanded the voice in drafting the standard of this industry.

MARCH

The Company won the bidding of the project of Chile 13.68MW EPC PV plant, which was the first project of the Company in Latin areas.

TÜV of Germany certificated the three-level modularization parallel grid-connected inverters with 1MW PV, which was the first inverter domestically certificated by TÜV.

APRIL

The 100MW PV project in Punjab of Pakistan constructed by the Company has been put into operation smoothly. During 20–21 April on the state visit of Pakistan, Chinese President Xi Jinping and Pakistan Prime Minister Nawaz Sharif jointly launched the largest Pakistan PV project — electricity generation of 100MW PV grid-connection, which was the first large oversea electricity plant of the Company that was closely focused and concerned by high-lever leaders from both countries. This will establish the solid foundation for the Company to explore the oversea market in the future. The project is the largest monomer PV plant in South Asia, which provides Punjab with 500,000 kWh of clean power each day and relieves the short supply of local electricity efficiently.

The Company held the new products release conference with the theme of "bright prospects", which presented TC1000KH-M, which is the first 1MW three-level modularization parallel grid-connected inverters with more than 99% efficiency; TC2000KS, which is a solution to standard container 2MW integrated machine rooms with 1.46%–2.13% system initial cost decreasing and 2.8% power generation increasing; and TS40KTL, which is a string inverter designed for distributed PV plants and the PV plants in mountainous areas.

The magazine *Shine* and Solarbe PV website cooperated with multiple high-level PV enterprises to co-hold the Awards Ceremony of CREC 2014, and the Company won the Award of Centralized Inverter Supplier of CREC 2014.

Major Events in 2015

MAY

2014 China PV Brand Ranking was released and the Company won the top 1 of EPC Brand Value, top 2 of Inverter General Brand Value, and top 2 of the Centralized Inverter Brand Value.

The project research center of Xinte Energy Co., Ltd. was rated as the National-Local Combination Project Research Center of SILSO.

JUNE

TC500KH developed independently by the Company achieved the authenticated certificate of enterprise product China efficiency, firstly passed the China authenticated test all over the nation and won Grading "A" of the most efficiency by the efficiency of 98.44%.

AUGUST

The national standard of PV System Operation Regulations, and PV Power Plant Inverter Examination & Repairmen and Maintenance Regulations, as well as another industry standard of Qualification Assessment on Subassembly Support Installment of PV Power Generation Project passed the review by the Outline Committee.

The tenth Asia Solar Energy PV Innovation and Cooperation Forum were held in Shanghai International Conference Center. The Company won the honorable title of "2015 Asia PV Innovation Enterprise Award" with its excellent project resource development and BOT core business innovation capacity.

SEPTEMBER

The Company was authenticated and examined by IPMS and became the first company in Xinjiang Province.

OCTOBER

The Company won the 17th Chinese Patent Award of Excellence, the Title of Example Enterprise of National Technology and Innovation, Top10 of Raw and Auxiliary Material of 2015 Polaris Cup, and the Tile of IPMS Advantage Enterprise.

The "2015 Global New Energy Enterprise TOP 500 Conference and New Energy Development Summit Forum", which was co-sponsored by China Energy News and China Institute of Energy Economics Research, was held in Beijing. The Company was selected into the top 500 enterprises of new energy as the large leading enterprise in China PV development and engaged in world energy structure improvement, and won the awards of Distinguished Contribution, and International Cooperation.

DECEMBER

The Company successfully landed the capital market of Hong Kong and listing of its H Shares on the Main Board of the Stock Exchange, which will provide the Company more extensive development opportunities in the future. The Company will adhere to the Hong Kong Listing Rules strictly and regard it as a new start to deeply cultivate the domestic market, expand the international market and explore in the field of new energy so as to win the trust and respect from the world.

Financial Summary

For the year ended 31 December 2015, the Group recorded a revenue of RMB9.441 billion and net profit of RMB619 million. Profit attributable to owners of the Company amounts to RMB612 million.

The Group's business mainly comprises polysilicon production, sales of electricity, ECC, inverter manufacturing, PV wafer and module production.

The following table sets forth the Group's revenue generated from each business segment during the periods as shown and the percentage of revenue in each segment:

	Year ended 31 December				
	2015		2014		
	RMB'000	**Percentage of revenue**	RMB'000	Percentage of revenue	Rate of changes
Polysilicon production	**2,137,171**	**22.64%**	2,049,098	27.68%	4.30%
ECC	**5,958,195**	**63.11%**	4,143,734	55.98%	43.79%
Inverter manufacturing	**608,189**	**6.44%**	431,455	5.83%	40.96%
Sales of electricity	**375,636**	**3.98%**	397,071	5.36%	-5.40%
PV wafer and module production	**244,275**	**2.59%**	273,564	3.70%	-10.71%
Others	**117,433**	**1.24%**	107,598	1.45%	9.14%
Total	**9,440,899**	**100.00%**	7,402,520	100.00%	27.54%

For the year ended 31 December 2015, the Group posted total revenue of RMB9.441 billion, representing an increase of 27.54% over the same period of last year, mainly due to the increase of polysilicon and the expansion of PV, wind power EPC, BT business scope.

Financial Summary

The Group's consolidated financial statements in 2012, 2013, 2014 and 2015 prepared in accordance with the International Financial Reporting Standards are summarized as follows:

	As at 31 December/Year ended 31 December			
	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**25,229,293**	18,763,327	17,582,431	12,616,114
Total liabilities	**17,778,357**	14,376,079	14,473,743	9,708,099
Non-controlling interests	**46,242**	39,447	34,490	27,158
Owners' equity (excluding non-controlling interests)	**7,404,694**	4,347,801	3,074,198	2,880,857
Revenue	**9,440,899**	7,402,520	5,907,293	2,239,817
Gross profit	**1,603,573**	1,428,501	614,679	(80,643)
Profit before tax	**708,217**	661,505	256,664	(223,920)
Profit attributable to owners of the Company	**611,817**	574,833	193,341	(129,596)

Note:

The Group's 2011 consolidated financial statements have not been prepared in accordance with the International Financial Reporting Standards and were unaudited. No financial information of 2011 has been disclosed as there is no substantial reference value to set forth such consolidated financial statements in the Financial Summary.

Chairman's Statement

Dear all shareholders,

On behalf of the Board of Directors of the Company, I am pleased to announce the operating results in 2015.

In 2015, in the environment of downward pressure on the economy and in the face of increasingly fierce competition in the industry, the Company adhered to expand its market share, improved quality and efficiency, transform and upgrade to overcome all kinds of severe challenges. For the year ended 31 December 2015, the Group recorded revenue of RMB9.441 billion, representing an increase of 27.54% over the same period of last year and net profit of RMB619 million, representing a decrease of 5.24% over the same period of last year; Profit attributable to owners of the Company amounts to RMB612 million, representing an increase of 6.43% over the same period of last year.

Chairman's Statement

The alternative energy industry has been developing rapidly in the overall economic environment, while applications of green-and-smart energy have become the focus of the world. In a series of development policy for "going global", such as "One Belt and One Road", "Silk Road Fund", "China-Pakistan Economic Corridor", and "Bangladesh-China-India-Myanmar (BCIM) economic corridor", Chinese government has listed alternative energy project on its support plan, while the "13th Five-Year Plan" for energy development also showed that, up to 2020, China's accumulated installed capacity of photovoltaic power generation will reach 150GW as predicted, and the anticipated installed capacity of wind power generation will reach 250GW, which will bring unprecedented development opportunity for the Company.

Looking ahead, as China's leading manufacturer of solar grade polysilicon as well as PV and wind power resource developer, we draw support from the international capital market, and adhere to the innovation concept of "new energy, new life, and new future". Looking forward to the future, we will forge ahead with determination and spare no pains to promote the Company's core competence and brand influence, employing "excellent technology, product, management and talents", endeavor to be a global excellent green-and-smart energy service provider. We will also make joint efforts with colleagues to contribute to the world with not only green energy, but also clear blue sky, fresh air as well as green homeland.

Finally, I would like to express my sincere gratitude to our Directors, management team and all the staff members of the Company for their efforts and hard work in 2015. I also wish to extend my gratitude to our shareholders and business partners for their strong support over the past year.

Chairman
ZHANG Jianxin

24 March 2016 in Xinjiang

Management Discussion and Analysis

(The following information disclosure was based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards unless otherwise specified)

I. REVIEW ON INDUSTRY DEVELOPMENT TREND

1. According to the statistical data from Silicon Industry, the global polysilicon output reached 350,000 tons in 2015, with a year-on-year growth of 16.7%; among which, China's output was 169,000 tons, a 28.0% increase over the corresponding period of last year, accounting for 48.3% of the global output. Under the double suppression of overseas price and transaction volume, price of domestic polysilicon in 2015 continued to decline. According to the data from Silicon Industry, price of polysilicon declined from RMB144,400 per ton at the beginning of January to RMB106,200 per ton to the end of December, representing a significant decrease of 26.5%, and most companies were loss-making.

2. According to the statistical data from National Energy Administration, China's newly increased installed capacity of photovoltaic was about 15.13GW in 2015, with a year-on-year growth of 42%, accumulated installed capacity amounted to about 43.18GW, and annual power generation was 39.2 billion kWh, ranks the first in terms of the cumulative installed capacity, accounting for more than a quarter of the global newly increased installed capacity. The photovoltaic is still mainly applied to large ground stations, which account for about 86% of China's photovoltaic power generation installation structure, while only 14% are distributed power stations. Photovoltaic power generations in most areas of China are running in good condition, with 1,133 hours of annual average utilization time. However, in northwest, there is severe solar energy curtailment phenomenon. In Gansu, the annual average utilization time is 1,061 hours and the solar energy curtailment rate is 31%; while in Xinjiang Autonomous Region, the annual average utilization time is 1,042 hours, with the solar energy curtailment rate of 26%.

3. In accordance with the statistical data from National Energy Administration, the national wind power industry kept powerful momentum in 2015, with 32.97GW of newly installed capacity of wind power generation, hitting a record high, while the accumulated installed capacity for grid-connection reached 129GW, which was 8.6% of the total installed power-generating capacity. In 2015, the wind power generation was 186.3 billion kWh, which was 3.3% of the total power generation; national wind power annual average utilization time was 1,728 hours, which declined by 172 hours on the year-on-year basis. In 2015, wind energy curtailment aggravated, with 33.9 billion kWh of wind energy loss for the whole year, representing an increase of 21.3 billion kWh on the year-on-year basis. The average wind energy curtailment rate was 15%, increased by 7 percentage points over the corresponding period of last year.

II. THE MAIN BUSINESS OPERATIONS OF THE COMPANY

During the reporting period, opportunities and difficulties co-existed and the Company achieved better results through expanding market share, innovation, improvement in product quality, and continuous technological innovation. During the reporting period, the Company achieved revenue of RMB9.441 billion and net profit attributable to owners of the Company of RMB612 million.

1. Polysilicon Production and Sales

In 2015, the Company actively made a marketing strategy adjustment, putting an emphasis on the purchasing needs of major customers from polysilicon downstream businesses. Through the implementation of the project of "Sharing Growth with Clients", the Company turned from a merely polysilicon-products seller to an overall-solution provider of polysilicon material for silicon enterprises. The Company carried on in-depth cooperation

Management Discussion and Analysis

(The following information disclosure was based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards unless otherwise specified)

with key accounts from the industry. In 2015, the Company completed a total contract volume of 21,900 tons of polysilicon, an increase of 40.11% compared with the corresponding period of last year. Through research and development, process optimization, and tapping productivity potentials, the Company achieved a surplus output of polysilicon again. As polysilicon price plummeted, we recorded a gross profit of RMB687 million, representing a decrease of 18.05% over the corresponding period of last year.

2. Power Generation and Sales by Self-owned Power Plant

In 2015, the Company improved the utilization hours in the self-owned power plant, with annual average utilization hours up to 6,415 hours, gross electricity generation up to 4.491 billion kWh, on-grid electricity generation up to 3.971 billion kWh, an increase of 5.18% compared with 2014. Among them, power generation used by us in polysilicon production amounted to 1.801 billion kWh, an increase of 21.72% compared with 2014; surplus power generation sold to the local state grid amounted to 2.171 billion kWh, representing a decrease of approximately 5.4% as compared with 2014.

3. Domestic Photovoltaic and Wind Power Resources Development

In 2015, adhering to the initiative of National Energy Corridor, the Company laid an emphasis on the core markets of new energy, which continuously contributes to the leading position as an alternative energy system

integrator. The Company vigorously explored the markets and developed PV projects in ground mounted, fishery-photovoltaic power plants. We have enhanced design skills, integration, installation, commissioning, acceptance, and the ability to respond to complex environments for the overall PV power plant. In 2015, the Company achieved installed capacity of 1.2GW for PV and wind power projects like EPC, PC and BT. We carried on a wide range of talks about cooperation on BT with more than 10 enterprises like China Huadian Corporation, China Huaneng Group, Shanxi Zhangze Power Co., Ltd, Trina Solar Co., Ltd, Jinko Solar Co., Ltd, with an achievement of project transfer totaling 310MW. As of the end of the reporting period, the installed capacity of completed but not transferred and the commenced BT projects of the Company totaled 687.5MW.

4. International Market

In 2015, the Company completed the construction of the largest PV grid-connection project in Pakistan — Jinnah 100MW PV project and handed it over to the owner, with a collection of EPC payment of US$122.78 million (amounted to 93.6% of total EPC payment, with the remaining for assurance deposit and final payment), the project has come to the stage of operation maintenance. This is an important livelihood project of "One Belt and One Road". In 2015, we also successfully entered into EPC agreements with Chile, Thailand, Jordan and other countries in relation to PV projects (about 30MW), which paved a way for the constant exploitation and radiation of global market.

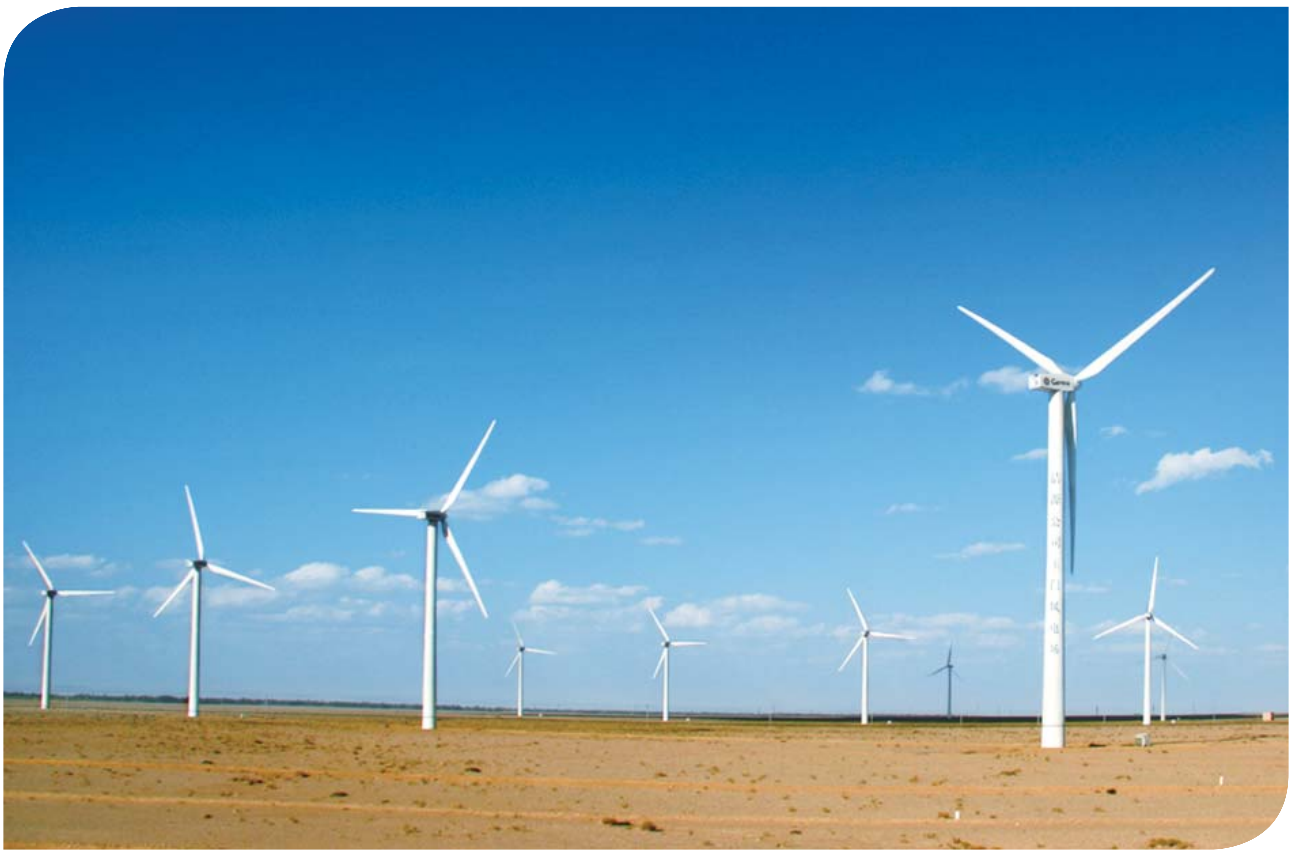
Management Discussion and Analysis

(The following information disclosure was based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards unless otherwise specified)

5. BOO Projects Development

In 2015, with the competitive advantage in ECC services, abundant wind and solar power resources reserves, as well as an experienced team of management and operations, the Company began to participate as an operator of PV and wind power projects in 2015, having started a PV project (150MW) in southeastern Hami, a wind power project (200MW) in Hami Jingxia, and a wind power project (100MW) in Guyang, totalling the BOO projects of 450MW of which the construction is expected to be completed and connected to the grid for power generation in the first half of 2016. Meanwhile, the Guyang 20MW PV project and Mulei 49.5MW wind power projects under BT model have been transferred to BOO projects and completed and connected to the grid in the end of December 2015.

As an operator of power plant, we will enjoy long-term stable return, which will diversify our revenue source and further increase the profit.



6. Scientific Researches and Development

The Company collaborated with academic institutions like Tsinghua University, Tianjin University, Chinese Academy of Sciences, domestic and foreign R&D institutions as well as equipment manufacturers to carry out industry-research cooperation in relation to bottlenecks for polysilicon production, which has further improved the technology and process of polysilicon production. With regard to project contracting and inverter production, the Company collaborated with domestic research institutions like Tsinghua University and Xi'an Jiaotong University in such sectors like grid-connection, support system optimization and dust detection, and was in charge of research subjects under the National High Technology Research and Development Program.

Management Discussion and Analysis

(The following information disclosure was based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards unless otherwise specified)

In 2015, the Company applied for 145 patents and technology secrets, and was authorized 76 patents. The authorized patents in China amounted to 313, as well as 1 international PCT; The Company actively participated in the compiling of 39 standards, including 20 national standards, 9 industrial standards, and 10 local standards. The Company was the first certified and at-one-time certified enterprise in Xinjiang to the intellectual property management system, and was awarded an honorary title of "2015 Annual National IPR Competitive Enterprise" by the State Intellectual Property Office. The Company was successfully identified and honored as "Local and National Joint Engineering Research Center for Polysilicon Material", "Key Laboratory in Xinjiang for Preparation and Application of Photovoltaic Materials" (two R&D and innovation platforms), and "National Technology Innovation Model Enterprise".

7. Photovoltaic and Wind Power Resource Reserves

In 2015, the Company intensified the exploitation of resources out of Xinjiang while occupying the Xinjiang market relying on our local advantages. The Company stepped up in exploitation in the regions with better resources and less power restriction like Inner Mongolia and Shaanxi. In the regions with no power restriction, like Jiangxi and Yunnan, the Company strived and reserved for project resources for subsequent development. As at the end of 2015, the Company had advanced pipeline projects with estimated installed capacity over 2GW in total. The above-mentioned advanced pipeline projects will progressively come into operation within the coming three years, laying a solid foundation for the development of BT and BOO projects.

III. OPERATING RESULTS AND ANALYSIS

Financial Review

Business Performance Table

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Revenue	**9,440,899**	7,402,520
Cost of sales	**(7,837,326)**	(5,974,019)
Gross profit	**1,603,573**	1,428,501
Other income and gains	**195,400**	156,032
— Other income	**189,074**	138,499
— Other gains — net	**6,326**	17,533
Selling and marketing expenses	**(266,014)**	(188,966)
General and administrative expenses	**(566,184)**	(371,729)
Financial expenses — net	**(261,756)**	(364,439)
Share of profit of investments accounted for using the equity method	**3,198**	2,106
Profit before income tax	**708,217**	661,505
Income tax expense	**(89,073)**	(8,144)
Profit attributable to the owners of the Company	**611,817**	574,833
Profit attributable to the non-controlling interests	**7,327**	78,528

Revenue

The Group generates revenue mainly from five business segments, including polysilicon production, ECC, inverter manufacturing, sales of electricity, PV wafer and module manufacturing. For the year ended 31 December 2015, the revenue of the Group was RMB9.441 billion, representing an increase of RMB2.038 billion or 27.54% over RMB7.403 billion in the corresponding period of last year. The increase was mainly due to an increase in the sale of polysilicon and the expansion of PV, wind power EPC and BT business scales of the Company.

	Year ended 31 December	
	2015	2014
Business Segments	**RMB'000**	RMB'000
Polysilicon Production	**2,137,171**	2,049,098
ECC	**5,958,195**	4,143,734
Inverter Manufacturing	**608,189**	431,455
Sales of Electricity	**375,636**	397,071
PV Wafer and Module Manufacturing	**244,275**	273,564
Others	**117,433**	107,598
Total Revenue	**9,440,899**	7,402,520

For the year ended 31 December 2015, the revenue of polysilicon production segment was RMB2.137 billion, representing an increase of RMB88 million or 4.30% over RMB2.049 billion in the corresponding period of last year. The increase was mainly because volume of polysilicon sold in 2015 increased compared with 2014, but the price of polysilicon this year continued to fall and the revenue was not synchronized with the growth of sales volume.

For the year ended 31 December 2015, the revenue of ECC segment was RMB5.958 billion, representing an increase of RMB1.814 billion or 43.79% over RMB4.144 billion in the corresponding period of last year. The increase was mainly because China PV and wind power industries developed steadily in 2015, and at the same time, the Company strengthened efforts in market development, which led to expansion of the EPC and BT business scales.

For the year ended 31 December 2015, the revenue of inverter manufacturing segment was RMB608.19 million, representing an increase of RMB176.73 million or 40.96% over RMB431.46 million in the corresponding period of last year. The increase was mainly because the demand of inverter increased resulting from the steady development of domestic PV industry, rising sales for inverters by virtue of the Company's intensified efforts in market expansion; but as the market competition intensified, the price of inverter decreased, which made the revenue not synchronized with the growth of sales volume.

For the year ended 31 December 2015, the revenue of the electricity sales segment was RMB375.64 million, representing a decrease of RMB21.44 million or 5.40% from RMB397.07 million in the corresponding period of last year. The decrease was mainly because polysilicon production increased and internal consumption of electricity in polysilicon manufacturing increased, which led to the decrease of external sales of electricity.

Management Discussion and Analysis

(The following information disclosure was based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards unless otherwise specified)

For the year ended 31 December 2015, the revenue of PV wafer and module manufacturing segment was RMB244.28 million, representing a decrease of RMB29.29 million or 10.71% from RMB273.56 million in the corresponding period of last year. The decrease was mainly because the Company adjusted product structure to reduce the production of monocrystalline silicon, and at the same time, the selling prices of monocrystalline silicon and polysilicon declined compared with the corresponding period of last year.

Cost of sales

For the year ended 31 December 2015, the cost of sales incurred by the Group was RMB7.837 billion, representing an increase of RMB1.863 billion or 31.19% over RMB5.974 billion in the corresponding period of last year, which was mainly due to soaring revenue for the period.

	Year ended 31 December	
	2015	2014
Business Segments	**RMB'000**	RMB'000
Polysilicon production	**1,449,737**	1,210,203
ECC	**5,153,018**	3,664,969
Inverter manufacturing	**470,493**	344,860
Sales of electricity	**287,161**	338,056
PV wafer and module manufacturing	**383,370**	324,670
Others	**93,547**	91,261
Total cost of sales	**7,837,326**	5,974,019

For the year ended 31 December 2015, the cost of sales incurred by polysilicon production segment was RMB1.450 billion, representing an increase of RMB240.00 million or 19.79% over RMB1.210 billion in the corresponding period of last year. The increase was mainly because the sales of polysilicon in 2015 increased. At the same time, the Company increased the technology promotion, strengthened the supervision of cost, leading to the decrease in the production cost.

For the year ended 31 December 2015, the cost of sales incurred by ECC segment was RMB5.153 billion, representing an increase of RMB1.488 billion or 40.60% over RMB3.665 billion in the corresponding period of last year. The increase was mainly due to the increase of the revenue of the ECC segment for the period.

For the year ended 31 December 2015, the cost of sales incurred by inverter manufacturing segment was RMB470.49 million, representing an increase of RMB125.63 million or 36.43% over RMB344.86 million in the corresponding period of last year. The increase was mainly because the sales of inverter manufacturing segment increased for the period, and at the same time, the cost of production further decreased through the strengthening of research and development and cost control.

For the year ended 31 December 2015, the cost of sales incurred by electricity sales segment was RMB287.16 million, representing a decrease of RMB50.90 million or 15.06% from RMB338.06 million in the corresponding period of last year. The decrease was mainly because the internal consumption of electricity in polysilicon manufacturing of the self-owned power plant increased but the external sales of electricity decreased in 2015; also the total power generation hours of the self-owned power plant increased over the corresponding period in 2014 and the Company strengthened cost control of the power plant, which caused the decrease of power generation cost.

For the year ended 31 December 2015, the cost of sales incurred by PV wafer and module manufacturing was RMB383.37 million, representing an increase of RMB58.70 million or 18.08% over RMB324.67 million in the corresponding period of last year, mainly due to the significant provision made for the impairment of wafer and module production line.

Gross profit and gross profit margin

For the year ended 31 December 2015, the gross profit of the Group was RMB1.604 billion, representing an increase of RMB175 million or 12.26% over RMB1.429 billion in the corresponding period of last year. The comprehensive gross profit margin dropped from 19.30% to 16.99%. The increase in gross profit was mainly because the EPC and BT business scales of the Company were expanded, and the sales of polysilicon increased while the price fell, which resulted in the overall decline in gross profit margin.

Other income and gains

For the year ended 31 December 2015, the other income and gains of the Group were RMB195.40 million, representing an increase of RMB39.37 million or 25.23% over RMB156.03 million in the corresponding period of last year.

For the year ended 31 December 2015, the other income of the Group was RMB189.07 million, representing an increase of RMB50.58 million or 36.52% over RMB138.50 million in the corresponding period of last year. The increase was mainly because the Company received government subsidies and deferred revenue of previous annual government subsidies increased.

For the year ended 31 December 2015, the other gains of the Group were RMB6.33 million, representing a decrease of RMB11.21 million or 63.92% from RMB17.53 million in the corresponding period of last year. The other gains mainly referred to gains on disposal of assets, fines and compensation revenue, donation expenditure. The decrease of this year over the corresponding period of last year was mainly due to the increase of donation expenditure.

Selling and marketing expenses

For the year ended 31 December 2015, the selling and marketing expenses of the Group were RMB266.01 million, representing an increase of RMB77.05 million or 40.77% over RMB188.97 million in the corresponding period of last year. The increase was mainly due to the increase of the sales staff's wages, warranty cost and freight.

General and administrative expenses

For the year ended 31 December 2015, the general and administrative expenses of the Group were RMB566.18 million, representing an increase of RMB194.46 million or 52.31% over RMB371.73 million in the corresponding period of last year. The increase was mainly because the business scale of the Company was expanded, staff costs and research and development investment of new products increased and at the same time, management fee increased arising from the costs associated with the Listing.

Management Discussion and Analysis

(The following information disclosure was based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards unless otherwise specified)

Financial expenses — net

For the year ended 31 December 2015, the net financial expenses of the Group was RMB261.76 million, representing a decrease of RMB102.68 million or 28.18% from RMB364.44 million in the corresponding period of last year. The decrease was mainly due to the decrease of lending scale of the parent company and the overall interest rate of the Group.

Share of profit of investments accounted for using the equity method

For the year ended 31 December 2015, the share of profit of investments accounted for using the equity method of the Group was RMB3.20 million, representing an increase of RMB1.09 million or 51.85% from RMB2.11 million in the corresponding period of last year. The increase was mainly because of the increase of the profit of the associate enterprise.

Income tax expense

For the year ended 31 December 2015, the income tax expense of the Group was RMB89.07 million, representing an increase of RMB80.93 million or 993.73% over RMB8.14 million in the corresponding period of last year. The increase was mainly because the income tax deductions based on the national policy in the previous years was relative significant but it was substantially reduced this year and the total profit increased in 2015.

Profit attributable to the owners of the Company

For the year ended 31 December 2015, profit attributable to the owners of the Company was RMB611.82 million, representing an increase of RMB36.98 million or 6.43% over RMB574.83 million in the corresponding period of last year.

Profit attributable to the non-controlling interests

For the year ended 31 December 2015, the profit attributable to the non-controlling interests of the Group was RMB7.33 million, representing a decrease of RMB71.20 million or 90.67% from RMB78.53 million in the corresponding period of last year. The decrease was mainly due to the increase of shareholding ratio of the subsidiary company Xinjiang New Energy by the Company.

Cash Flows

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Net cash inflow generated from operating activities	**2,898,439**	50,025
Net cash outflow used in investing activities	**(2,973,827)**	(457,067)
Net cash inflow generated from financing activities	**1,974,717**	282,149
Net increase/(decrease) in cash and cash equivalents	**1,899,329**	(124,893)

Net cash inflow generated from operating activities

For the year ended 31 December 2015, the net cash generated from operating activities of the Group was RMB2,898.44 million, representing an increase of RMB2,848.41 million or 5,693.98% over RMB50.03 million of in the corresponding period of last year. The increase was mainly because the Company strengthened the management of accounts receivables and the collections of accounts receivable balance was better than previous years.

Net cash outflow used in investing activities

For the year ended 31 December 2015, the net cash outflow used in investing activities of the Group was RMB2,973.83 million, representing an increase of RMB2,516.76 million or 550.63% over RMB457.07 million in the corresponding period of last year. The increase was mainly because the construction of BOO project of the Company commenced and the purchase of property, land use right and machinery equipment substantially increased.

Net cash inflow generated from financing activities

For the year ended 31 December 2015, the net cash inflow generated from financing activities of the Group was RMB1,974.72 million, representing an increase of RMB1,692.57 million or 599.88% over RMB282.15 million in the corresponding period of last year. The increase was mainly due to the increase of borrowing of the Company, investment prior to the initial public offering (the "**IPO**") of the Company's shares on the Hong Kong Stock Exchange in December 2015 and IPO Financing.

Operation Fund

	2015	2014
Cash and cash equivalents at the end of the year (RMB'000)	**2,862,403**	962,688
Current ratio	**101.44%**	94.74%
Gearing ratio	**49.39%**	137.11%

On 31 December 2015, the cash and cash equivalents of the Group were RMB2,862.40 million (31 December 2014: RMB962.69 million).

On 31 December 2015, the current ratio of the Group (calculated by dividing total current assets by total current liabilities) was 101.44% (31 December 2014: 94.74%). The increase in the current rate was mainly because the IPO proceeds inflow into the Company, and the Company strengthen the management of account receivable, and meanwhile, inventories, cash and cash equivalents increased significantly as a results of the scale expansion of EPC and BT projects, the growing rate of which was higher than the increase of the accounts payable.

The gearing ratio of the Group was 49.39%. The gearing ratio was calculated by dividing its net liabilities by total equity, of which the net liabilities was the part with restricted bank balances and bank balances and cash subtracted from total interest-bearing liabilities.

Management Discussion and Analysis

(The following information disclosure was based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards unless otherwise specified)

By virtue of the stable cash inflow from the daily business operations and the funds raised from the listing, the Group has sufficient resources to support future expansion.

Capital expenditure

As of 31 December 2015, the major capital expenditure of the Group included: RMB2,309.12 million for the purchase of property, plant and equipment, RMB12.30 million for the purchase of intangible assets and RMB188.99 million for the purchase of land use right.

Contingent liabilities

As of 31 December 2015, the directors of the Company did not anticipate that any material liabilities would arise from the contingent liabilities other than those provided for in the consolidated financial statements.

Assets mortgage

As of 31 December 2015, the pledge of assets were the secured short-term bank borrowings with amount of RMB500,710,000 of the Company, and such secured short-term bank borrowings represented proceeds received under trade receivable factoring agreements with recourse with banks. As of 31 December 2015, secured short-term bank borrowings with amount of RMB111,569,000, RMB500,000,000 and RMB157,003,000 were pledged with the Group's certain property, plant and equipment, about 75 stock right of Xinjiang New Energy and certain subsequent receivable collection right. As of 31 December 2015, borrowing of RMB265,807,000 included in others were from Industrial Bank Financial Leasing Co., Ltd.. Pursuant to the related loan agreement, certain property, plant and equipment of polysilicon production were pledged as security and cash amounting to RMB15,000,000 was held in a deposit account. Therefore, the net proceeds received under this agreement amounted to RMB250,807,000.

Major acquisition and disposal of assets

During the reporting period, the Group had no major acquisition and disposal of subsidiaries, associates and joint ventures.

Major investments

In 2015, the Group had no major investments.

Foreign exchange risks

Most of the Group's business is located in China and is traded in RMB. The Group's assets and liabilities involved in exchange risks and transactions from the operation are mainly related to US dollar and Hong Kong dollar. The directors of the Company believe that the exposure of the foreign exchange risk is minimal, and the said risk will not have material adverse risk on the financial performance of the Group. The Group currently does not have a foreign currency hedging policy, but the management of the Group closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when needed.

Cash flow interest rate risk

Group's interest rate risk arises from long-term borrowings. All long-term borrowings are obtained at variable rates and expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. It will have no material adverse impact on the financial position of the Group.

Capital liquidity

As of 31 December 2015, current assets of the Group amounted to RMB14,301.08 million, among which, RMB4,148.40 million was cash at bank and on hand; RMB3,036.46 million was trade and notes receivable primarily consisted of receivables from ECC and sales of inverter; RMB1,390.08 million was prepayments and other receivable and other current assets primarily consisted of deductible VAT and advances of modules, wind turbine.

As of 31 December 2015, current liabilities of the Group amounted to RMB14,098.19 million, including RMB7,667.37 million of trade and notes payable (primarily consisting of payables for purchase of PV and wind power projects equipment, laboring, materials procurement, coal fuels and spare parts of Polysilicon), RMB1,625.72 million of provisions and other payables (primarily consisting of payables for related retention payables of PV and wind power projects), and RMB4,501.63 million of short-term borrowings.

As of 31 December 2015, net current assets amounted to RMB202.88 million, representing an increase of RMB745.57 million as compared with net current liabilities amounted to RMB542.69 million as of 31 December 2014. The liquidity ratio was 101.44% as at 31 December 2015, representing an increase of 6.7 percentage point as compared with the liquidity ratio of 94.74% as at 31 December 2014. Restricted deposits amounted to RMB1,285.99 million, mainly including deposits for bills and issuance of the letter of credit.

The liquidity risks of the Group are controlled by the ample cash and available funds, which have been committed to the credit financing. The Group satisfies its operating capital demand through funds from operation and bank borrowings.

Borrowings and notes payable

As of 31 December 2015, the Group's balance of the borrowings and notes payable amounted to RMB12,109.62 million, representing an increase of RMB1,889.18 million as compared with the balance of the borrowings and notes payable RMB10,220.45 million as of 31 December 2014. As of 31 December 2015, the Group's outstanding borrowings and notes included short-term borrowings and notes payable of RMB8,783.12 million (including long-term borrowings due within one year of RMB657.54 million and notes payable of RMB4,281.50 million) and long-term borrowings amounting to RMB3,326.50 million. The above mentioned borrowings included borrowings denominated in RMB of RMB7,677.60 million, borrowings denominated in U.S. dollars of RMB150.53 million.

Credit risk

Credit risk is managed on a group basis, except for credit risk relating to accounts receivable balances. Each of local entities is responsible for managing and analyzing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions (including restricted cash), as well as credit risk exposures to customers, including outstanding receivables and committed transactions. The Group assesses the credit quality of our customers taking into account various factors including their financial position, past experience and other factors. Our management does not expect any losses from non-performance by these counterparties, except for those recognized.

Events after the balance sheet date

(a) On 21 January 2016, the over-allotment option relating to the IPO was partially exercised and 20,776,800 ordinary shares of the Company were issued at a price of HKD8.80 per share for a total cash proceeds of approximately HKD182,836,000 before deducting relevant expenses.

(b) On the board meeting held on 24 March 2016, the board of directors proposed a final dividend of RMB0.1 per share for the year ended 31 December 2015. Please refer to the subheading "Profit Distribution and Proposed Dividend" about the details.

IV. PROSPECTS

- **Market Prospects**

During the period of the 13th Five-Year Plan, the new energy industry will face good opportunities for development.

According to the planning of the National Energy Administration, it is expected that the China's accumulated wind power and PV installation capacity will reach 250GW and 150GW, respectively, by 2020. During the period of the 13th Five-Year Plan, the annual newly installed wind power capacity will be more than 30GW and the annual newly installed PV capacity will be more than 20GW. The huge market demand will boost further rapid development of the new energy industry.

The technological advances continue to reduce the cost of new energy system. According to the research data, along with the price decline of equipment and improvement of efficiency, the cost of PV tariff will drop below RMB0.45/kWh by 2020; in the next five years, the global wind power costs will decrease by over 10% each year. Given the decline in the cost of solar-wind power, the cost of solar-wind power gradually closes to that of the traditional fossil energy, and in terms of economical efficiency, the new energy has the value of the alternatives to traditional fossil energy.

In the Paris Climate Conference held at the end of 2015, all countries, including China, clearly represented that they would continue to control carbon emissions, increase the investment in renewable energy and reduce the investment in fossil energy. Renewable energy is increasingly becoming a security of solving environmental problems and promoting the sustainable development for human being.

The "One Belt and One Road" strategy will bring significant opportunities for the development of new energy business of the Company. South Asia, West Asia, Southeast Asia and Central Asia along the "One Belt and One Road" are regions with quite rich light resources, which have good resource foundations for developing solar energy industry, and provide the good opportunity for the development of new energy industry.

- **Business plan in 2016**

Facing new opportunities and challenges, the Company will internally focus on the cost saving and quality improvement and externally explore the domestic and international markets, as well as constantly improve the market competitiveness and profitability through the management innovation and technological innovation.

(1) Strengthen the implementation of safety system and ensure safe operation with a zero accident target

In terms of the production of polysilicon, the Company will continue to implement the safety management responsibility system, fully implement the equipment preventive maintenance and ensure safe operation of the equipments. Also, the Company will increase investment in safety, strengthen the implementation of safety system and ensure safe operation with a zero accident target.

In terms of construction business, the Company will comprehensively promote the improvement of safe and civilized management level for construction projects, formulate solutions for possible security problems and realize safety management without blind spot.

(2) Continue to improve the production capacity and quality of polysilicon and further reduce the cost

Through continuous enhancement of the technique, the Company will further study the modified Siemens process and realize the target of increasing the production volume of 2016 by 10% as compared to that of 2015 through promoting the efficiency of each process; constantly reduce the energy consumption and material consumptions, further reduce the costs, improve the proportion of electronic grade polysilicon and clean silicon materials, meet the production demand of customers for high quality and high efficiency silicon wafers and continue to maintain a leading position in the industry.

(3) Improve its solution ability of PV and wind power systems and further expand the market share of wind power and PV stations

The Company will constantly improve its resolution ability of wind power and PV station systems, provide customers with efficient system solutions of integrating design, building, commissioning, operation and maintenance as a whole, and through provision of intelligent cloud solutions, improve the operation efficiency of the systems, reduce operational costs and improve the profitability of the plants, whereby becoming a pioneer of energy internet.

(4) Constantly expand international businesses under "One Belt and One Road" strategy

By capturing the market opportunities and financing conditions brought by the policy of "One Belt and One Road", the Company will continue to build PV stations through investment, EPC and other methods in Pakistan, Kazakhstan and other countries under the "One Belt and One Road" policy as well as other areas with optimal PV resources, and gradually expand the share of our international operations.

V. RISK FACTORS AND RISK MANAGEMENT

(1) The risk of reduction in price of polysilicon

The Company mainly sells its polysilicon to the domestic manufacturers of photovoltaic products, and the price of polysilicon depends on the demand for photovoltaic products in China. Some factors, including progress of polysilicon production technology, fierce market competition and reduction in demand for downstream PV products, may result in surplus and decline in price of polysilicon, thus affecting the revenue and results of operation of the Company. The Company will strengthen technology research and development, and reduce costs and improve quality by expanding production capacity and enhancing production efficiency as well as improving quality and enhancing efficiency, so as to mitigate the risk resulting from reduction in price of polysilicon.

(2) The risk of market competition

In 2015, the PV and wind power industry of China continued to maintain a strong growth momentum. The technology of the manufacturers was gradually improved along with the rapid development of the industry, and the number of polysilicon manufacturers, PV and wind power project contractors increased continuously, which led to fierce market competition. The above factors may impose certain impact on the market share of our Group. The Company will actively respond to challenges in the market, and exert its own advantages through providing high quality products and rendering professional services, so as to further consolidate and enhance its position in the industry.

(3) The risk of PV and wind power grid connection and consumption

During the reporting period, the problem of PV and wind power grid connection and consumption continued to deteriorate. The situation of curtailing the use of solar and wind power in some regions still existed, and the local consumption ability was insufficient. The stability of power grid, control and management and other issues had still not been fundamentally solved. Meanwhile, the rush installment caused by the feed-in tariff cut will also impose certain pressure on PV and wind power grid connection and consumption. The Company will formulate rational planning when developing the wind and solar resources, strengthen the development in certain regions with grid connection and consumption and ensure the power generation efficiency and benefit of the plants.

(4) The risk of power tariff cut

According to the Notice Regarding the Improvement of Onshore Wind Power and PV Power Generation Benchmark Price Policy (Fa Gai Jia Ge [2015] No. 3044) (關於完善陸上風電、光伏發電上網標杆電價政策的通知) issued by the NDRC, the on-grid benchmark prices of PV and wind power plants in the first, second, third and fourth category resources regions had been appropriately reduced, which means that the PV and wind power generation which enjoyed subsidies for years has taken its first step to the stated objective of "grid connection with fair price". To achieve the goal of "grid connection with fair price" as soon as possible, the PV and wind power on-grid price still face reduction pressure. The Company will increase investment in R&D, further reduce the cost of power generation and improve the generating hours through technical upgrading, which will partially offset the risk of tariff decrease.

Profile of Directors, Supervisors and Senior Management

DIRECTORS

Executive Directors

Mr. Zhang Jianxin, aged 42, is currently serving as chairman. Mr. Zhang is studying for his PhD as well as an economist of economic management. Mr. Zhang worked as the director of Investment and Development Department, the deputy chief economist of TBEA, the chairman of Xinjiang New Energy, etc. Mr. Zhang joined the Company since February 2008, served as executive Director of the Company since February 2008, and also served as chairman since July 2012.

Mr. Yin Bo, aged 36, is currently serving as executive Director and general manager. Mr. Yin obtained bachelor degree and he is an engineer on chemical engineering and process. Mr. Yin served as a clerk of polysilicon preparatory team of TBEA, the head of technology department, deputy chief engineer, the general manager of polysilicon workshop, and the deputy general manager of the Company, etc. Mr. Yin joined the Company since February 2008, served as executive Director and deputy general manager of the Company since June 2015, and also served as general manager of the Company since March 2016.

Mr. Ma Xuping, aged 42, is currently serving as executive Director. Mr. Ma obtained master degree and he is a senior engineer on transformer. Mr. Ma worked as general engineer, deputy general manager of TBEA Xinjiang Transformer Factory, deputy general manager of Xinjiang Joinworld Co., Ltd., deputy general manager, executive Director and general manager of the Company. Mr. Ma first joined the Company since February 2008. He served as general manager of the Company from July 2012 to March 2016 and served as executive Director since July 2012.

Non-executive Directors

Mr. Zhang Xin, aged 53, is currently serving as non-executive Director. Mr. Zhang obtained associate degree, and he is an electrical engineer as well as a senior engineer of machinery and electronics. Mr. Zhang currently serving as the chairman of TBEA Co., Ltd. (Stock code: 600089.SH), which is the Controlling Shareholder of our Company, and director of Xinjiang Joinworld Co., Ltd. (Stock code: 600888.SH). Mr. Zhang worked as factory manager of Changji City Special Transformers Factory, the chairman of TBEA Silicon Industry Co., Ltd. (特變電工硅業有限公司) (the predecessor of our Company), the chairman of Xinjiang New Energy. Mr. Zhang served as non-executive Director since February 2008.

Ms. Guo Junxiang, aged 44, is currently serving as non-executive Director. Ms. Guo obtained bachelor degree and a senior economist at the industrial economy. Ms. Guo is currently serving as the board secretary, the director of TBEA and a supervisor of Xinjiang Joinworld Co., Ltd., She worked as deputy director of general manager office, director of bond department of TBEA, supervisor of Xinjiang New Energy. Ms. Guo served as non-executive Director since February 2008.

Profile of Directors, Supervisors and Senior Management

Mr. Wang Jian, aged 38, currently serves as non-executive Director. Mr. Wang obtained bachelor degree. He is currently serving as the secretary to the board of directors and executive vice president of China Minsheng New Energy Investment Co., Ltd. (中民新能投資有限公司). He worked as deputy general manager of vehicle and equipment leasing division, general manager of the real estate asset of Minsheng Financial Leasing Co., Ltd. (民生金融租賃股份有限公司), executive director of sector investment department, the head and executive director of design division No.1 (new energy division) of China Minsheng Investment Corporation (中國民生投資股份有限公司). Mr. Wang served as non-executive Director since April 2015.

Ms. Jia Fei, aged 40, joined the Company since July 2012, and resigned as non-executive Director of the Company in June 2015 after the expiration of her tenure, and served as deputy general manager of the Company since June 2015. Biographical details of Ms. Jia Fei as at the date of the report are set out in page 34 of this report.

Mr. Chen Weilin, age 56, with a master degree, joined the Company since June 2008, and resigned as non-executive Director of the Company in June 2015 after the expiration of his tenure. Mr. Chen Weilin served as non-executive director of TBEA Xinjiang New Energy Co., Ltd. from August 2000 to June 2006 and March 2011 to August 2012, general manager and chairman of Xinjiang Tebian (Group) Co., Ltd. since January 2003 to 2015, and as non-executive director of TBEA Co., Ltd. from June 2012 to September 2015.

Independent Non-executive Directors

Mr. Qin Haiyan, aged 45, currently serves as independent non-executive Director. Mr. Qin obtained master degree, and he is currently serving as director of China General Certification Center Co., Ltd. (北京鑒衡認證中心有限公司主任), a member and the secretary general of the National Wind Power Machinery Standardization and Technology Committee (全國風力機械標準化技術委員會 (SAC/TC50)), a member of the 27th Council of the Climate Change and Low Carbon Development Committee of the Chinese Meteorological Society (中國氣象學會第27屆理事會氣象變化與低碳發展委員會), the deputy director of the Special Committee by Chinese Renewable Energy Industries Association (中國資源綜合利用協會可再生能源專業委員會)/the Industry Committee of Chinese Renewable Energy Society (中國可再生能源學會產業委員會專委會). Mr. Qin served as independent non-executive Director since June 2015.

Mr. Qin is currently serving as independent non-executive director of China Suntien Green Energy Co., Ltd. (新天綠色能源股份有限公司) (Stock code: 956.HK), independent non-executive director of Huaneng Renewables Corporation Limited. (華能新能源股份有限公司) (Stock code: 958.HK).

Mr. Yang Deren, aged 51, currently serves as independent non-executive Director. Mr. Yang obtained Phd. and the title of professor. Mr. Yang now serves as director of State Key Laboratory of Silicon Materials (矽材料國家重點實驗室主任) and the director of Institute of Semiconductor Materials (半導體材料研究所所長) in Zhejiang

University. He was named as Distinguished Professor under the Yangtze River Scholar Award Scheme (長江學者獎勵計畫特聘教授), Senior Specialist of Zhejiang Province (浙江省特級專家), was awarded the National Science Fund for Distinguished Young Scholars (國家傑出青年基金) and the 9th. Chinese Youth Science and Technology Prize (曾獲得第九屆中國青年科技獎). Mr. Yang was awarded the National Natural Science Award (Second Class Award) by his research project on "silicon doped nitrogen with single crystal helium and relevant defect" (摻氮直接矽單晶氦及相關缺陷的研究專案) as well as the "controllable plant and its mechanism of one-dimensional nanometer semiconductor materials" (一維納米半導體材料的可控生產長及其機理). Mr. Yang served as independent non-executive Director since June 2015.

Mr. Yang now also serves as independent non-executive director of Hangzhou First PV Material Co., ltd. (杭州福斯特光伏材料股份有限公司)(Stock code:603806.SH).

Mr. Wong, Yui Keung Marcellus, aged 62, currently serving as independent non-executive Director. Mr. Wong obtained bachelor degree, and he is a Certified Tax Adviser in Hong Kong and as a Fellow of the Hong Kong Institute of Certified Public Accountants (香港會計師公會) as well as CPA Australia. Mr. Wong is currently serving as vice chairman of the global advisory board of L.R.Capital Management Company (Cayman) Limited, honorary adviser of CPA Australia, council member of the Taxation Institute and chairman of Tax Policy Committee of Hong Kong, a member of the joint contacting group in Inland Revenue Department of Hong Kong, senior adviser of PricewaterhouseCooper. He worked as a partner of PricewaterhouseCooper, served as a head supervising compliance, tax risk and quality of PricewaterhouseCooper in Hong Kong, Mainland China and Asia-Pacific region. Mr. Wong is a member of the joint contacting group in Inland Revenue Department of Hong Kong, the president of the Taxation Institute of Hong Kong and the president of CPA Australia (Greater China Division). Mr. Wong served as independent non-executive Director since June 2015.

Supervisors

Mr. Chen Qijun, aged 45, currently serves as chairman of Supervisory Board. He obtained an associate degree and is a senior economist of economic management. Mr. Chen now is serving as the chief risk controller and chairman of Supervisory Board of TBEA. He worked as the deputy factory manager and executive deputy factory manager of Xinjiang Transformers Factory of TBEA, the general manager of TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司), and the deputy general manager of TBEA. Mr. Chen served as Supervisor since June 2015.

Ms. Wu Wei, aged 46, currently serves as Supervisor. She obtained master degree and is titled with senior economist of enterprise management, senior political engineer, electrical insulation and cable engineer. Ms. Wu now serves as deputy general manager of TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司) , and she worked as the director of sales company, the assistant to the general manager and the vice president of marketing of TBEA Xinjiang Transformers Factory, and has served as the director of Beijing office and deputy general manager of TBEA. Ms. Wu served as Supervisor since July 2012.

Profile of Directors, Supervisors and Senior Management

Mr. Hu Shujun, aged 42, currently serves as Supervisor. obtained an associate degree and is a senior electrical engineer. Mr. Hu now serves as chairman and general manager of Xinjiang Tebian. He worked as iron core workshop director, head of production department, assistant to the factory manager and deputy factory manager of TBEA Xinjiang Transformers Factory, and the assistant to the general manager and deputy general manager of TBEA. Mr. Hu served as Supervisor since June 2015.

Mr. Nan Xinjian, aged 36, served as an employee representative Supervisor during the reporting period. He obtained bachelor degree and has legal professional qualification. He worked as a clerk of legal department, the deputy director of legal department of TBEA and director of legal affairs department of the Company. Mr. Nan joined the Company since October 2011 and served as Supervisor since June 2015 to April 2016.

Mr. Cao Huan, aged 31, currently serves as an employee representative Supervisor. He obtained bachelor degree. Mr. Cao now serves as director of audit department. He worked as the purchasing supervisor of purchase department, assistant to the director of audit department, deputy director of audit department. Mr. Cao joined the Company since June 2008 and served as Supervisor since June 2015.

Mr. Zhang Yueqiang, aged 38, graduated with a Bachelor's degree from Zhongyuan University of Technology majoring in Accountancy in 2001 and has acquired the first-class qualification of Corporate Culture Expert. He is currently the chairman of labor union of the Company and was the assistant to the director and deputy director of corporate governance department, the director of corporate affairs department and the vice-chairman of labor union of TBEA. Mr. Zhang joined the Company in February 2008 and has been an employee representative Supervisor since 14 April 2016.

Other Senior Management Members

Mr. Yin Bo, age 36, is currently serving as executive Director and general manager. Biographical details of Mr. Yin Bo as at the Latest Practicable Date are set out on page 31 of this annual report.

Ms. Jia Fei, aged 40, currently serves as the deputy general manager of the Company. She obtained master degree and is an economist. Ms. Jia worked as the assistant to the director, deputy director, director of corporate governance department, deputy chief economist and the general manager of the new energy business department of TBEA. Ms. Jia served as non-executive Director of the Company from July 2012 to June 2015, and served as deputy general manager since June 2015.

Mr. Peng Jianghua, aged 39, currently serves as deputy general manager. He obtained master degree and is an senior engineer of Industrial automation. Mr. Peng worked as a clerk of the polysilicon preparatory group of TBEA, head of electric department and deputy head of engineering department, assistant to the general manager of the Company. Mr. Peng joined the Company since February 2008 and has served as deputy general manager since August 2012.

Profile of Directors, Supervisors and Senior Management

Mr. Gan Xinye, aged 40, currently serves as deputy general manager. He obtained an associate degree and is an electrical engineer. Mr. Gan worked as the director of Inner Mongolia Office of TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司), head of strategic development department, deputy general manager of marketing department, assistant to the general manager and general manager of international complete engineering branch of the Company. Mr. Gan joined the Company since February 2008 and has served as deputy general manager since December 2012.

Mr. Liu Weizeng, aged 37, currently serves as deputy general manager and the general manager of TBEA Xi'an Flexible Power Transmission &Distribution Co., Ltd. (特變電工西安柔性輸配電有限公司). He obtained Phd. and is an senior engineer of power electronic technology. Mr. Liu worked as executive deputy general manager and chief engineer of TBEA Xi'an Electrical Technology Co., Ltd. (特變電工西安電氣科技有限公司), and the chief engineer of Xinjiang New Energy. Mr. Liu has served as deputy general manager since June 2015.

Mr. Mian Yulong, aged 46, currently serves as the safety director. He obtained master degree and is a safety engineer. Mr. Mian worked as the deputy director of safety management division of safety and environmental protection department, deputy director of safety and technical supervision division of safety and environmental protection department, deputy director of quality, safety and environmental protection department, and the director and deputy chief engineer of safety management division of quality, safety and environmental protection department of Urumqi Petrochemical Company (烏魯木齊石化公司). Mr. Mian joined the Company since August 2014 and has served as safety director since June 2015.

Mr. He Yongjian, aged 48, currently serves as the chief engineer. He obtained bachelor degree and is a senior mechanical engineer. Mr. He worked as deputy equipment director of and team leader of the mechanical team of the synthesis of rubber factory, deputy manager of project department under the large-scale ethylene project commanding department (大乙烯指揮部聚丙烯專案部), director of mechanics division and deputy chief equipment engineer of the project department of the polyolefin business unit (聚烯烴事業部專案部) as well as deputy chief equipment engineer of the ethylene plant of Lanzhou Petrochemical Company. Mr. He joined the Company since January 2013 and has served as the chief engineer since June 2015.

Mr. Zheng Weijie, aged 38, currently serves as the chief accountant. He obtained bachelor degree and is an intermediate financial planner. Mr. Zheng worked as the bank and tax accountant and the head of financing of finance department, director of the fund management center of TBEA, deputy chief accountant and chief accountant of Xinjiang New Energy. Mr. Zheng has served as the chief accountant since June 2015.

Ms. Zhang Juan, aged 27, currently serves as the secretary to the Board. She obtained bachelor degree and is a member of Chartered Professional Accountants of Canada (加拿大特許專業會計師協會). Ms. Zhang worked as a clerk of securities department of TBEA and the assistant to the head of securities department of the Company. Ms. Zhang joined the Company since October 2014 and has served as the secretary to the Board since June 2015.

Report of the Board of Directors

MAJOR BUSINESS

The Company is mainly engaged in producing and sales of polysilicon and inverter, and the developing of wind power plant.

MANAGEMENT DISCUSSION AND ANALYSIS

The details of management discussion and analysis of the Company during this year are set out in pages 14 to 30 of this annual report.

SHARE ISSUANCE

The Company entered into pre-IPO share subscription agreement with TBEA, JingLong Technology Holdings Limited (晶龍科技控股有限公司), CM International Capital Limited (中民國際資本有限公司), GF Energy Investment Ltd. (廣發能源投資有限公司), L.R. Capital China Growth I Company Limited (領睿成長基金壹號) on 11 April 2015, by issuing 204,678,362 Shares to the above shareholders, for a consideration equivalent to approximately RMB1.4 billion, and completed all the registration formalities at Industrial and Commercial Administration Bureau of Xinjiang on 29 April 2015.

The Company was listed on the Main Board of the Stock Exchange on 30 December 2015, by issuing 146,500,000 H Shares, with the offering price of HK$8.80 per share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), which raised a net proceeds of approximately HK$1,205.3 million.

IMPORTANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Joint Global Coordinator partly exercised the over-allotment option on 21 January 2016, by issuing totally of 20,776,800 H Shares, with the offering price of HK$8.80 per share, and its completion took place on 25 January 2016.

DEBENTURES ISSUANCE

For the year ended 31 December 2015, the Company and any of its other subsidiaries do not have any debentures issuance.

RESULTS

The audited result of the Company and its subsidiaries for the year ended 31 December 2015 are set out in the Consolidated Statement of Comprehensive Income from page 86. The financial position of the Company and its subsidiaries for the year ended 31 December 2015 are set out in the Consolidated Balance Sheet from page 84 to page 85. The consolidated cash flow of the Company and its subsidiaries for the year ended 31 December 2015 are set out in the Consolidated Statement of Cash Flows from page 88. The discussion and analysis on result performances, the important factors effecting the results and financial position relevant to the Group during the year are set out in the Management Discussions and Analysis from page 14 to page 30 in the annual report.

SHARE CAPITAL

The H shares of the Company were listed on the Stock Exchange on 30 December 2015. As of 31 December 2015, the capital structure of the Company is as follow:

Classification of Shares	Number of issued shares on 31 December 2015	The percentage of the number of shares issued on 31 December 2015 (%)
Domestic Share	731,529,532	71.42%
H Share	292,698,830	28.58%
Total	1,024,228,362	100%

The Joint Global Coordinator partly exercised the over-allotment option on 21 January 2016, and its completion took place on 25 January 2016. As of the Latest Practicable Date, the capital structure of the Company is 731,529,532 Domestic Shares and 313,475,630 H shares, totally 1,045,005,162 shares.

DISTRIBUTABLE RETAINED EARNINGS

As of 31 December 2015, the Company had distributable retained earnings of RMB727,195,000.

RESERVES

Movements in the reserves of the Company for the year are set out in note 38(b) to the consolidated financial statements.

PROFIT DISTRIBUTION AND PROPOSED DIVIDEND

On 24 March 2016, the Board proposed the distribution of a final dividend of RMB0.1 per share (including tax) for the year, after the appropriations to the statutory surplus reserve according to the relevant regulations. The amount denominated in RMB will be converted based on the average closing conversion rate between RMB and HK$ issued by the People's Bank of China for the five working days prior to the declaration of dividends at the annual general meeting to be held on 16 June 2016. The Company will distribute the dividend for 2015 to the shareholders of the Company no later than 16 August 2016.

WITHHOLDING AND PAYMENT OF FINAL DIVIDEND INCOME TAX

Withholding and Payment of Enterprise Income Tax on Behalf of Overseas Non-Resident Enterprises

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementing rules, the Company will withhold and pay enterprise income tax at the rate of 10% when it distributes final dividend to non-resident enterprise holders of H Shares (including any H Shares registered in the name of HKSCC Nominees Limited).

Withholding and Payment of Individual Income Tax on Behalf of Overseas Individual Shareholders

Pursuant to the applicable provisions of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementing rules as well as the Tax Notice (《稅收通知》), the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on behalf of individual holders of H Shares:

- For individual holders of H Shares who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these individual holders of H Shares in the distribution of the final dividend;

- For individual holders of H Shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual holders of H Shares in the distribution of the final dividend. If relevant individual holders of H Shares would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Notice (《稅收通知》). Qualified shareholders please submit in time a letter of entrustment and all application materials as required under the Tax Notice to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited. The Company will then submit the above documents to competent tax authorities and, after their examination and if and when approved, the Company will assist in refunding the excess amount of tax withheld and paid;

- For individual holders of H Shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these individual holders of H Shares in the distribution of the final dividend; and

- For individual holders of H Shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these individual holders of H Shares in the distribution of the final dividend.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of shareholders who are entitled to receive the final dividend, the register of members of the Company will be closed from 23 June 2016 (Thursday) to 28 June 2016 (Tuesday), both days inclusive, during which no transfer of shares will be registered. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on 28 June 2016 (Tuesday) are entitled to receive the final dividend. In order to determine the holders of H Shares of the Company who are qualified for the final dividend payment, all transfer documents accompanied by the relevant H Share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on 22 June 2016 (Wednesday) for registration.

In order to determine the list of shareholders who are entitled to attend and vote at the annual general meeting of the Company to be held on 16 June 2016 (Thursday), the register of members of the Company will be closed from 17 May 2016 (Tuesday) to 16 June 2016 (Thursday), both days inclusive, during which no transfer of shares will be registered. Holders of H Shares and Domestic shares whose names appear on the register of members of the Company on 16 June 2016 (Thursday) are entitled to attend and vote at the annual general meeting. Holders of H Shares of the Company who intend to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant H Share certificates must be lodged with the Company's H Share registrar mentioned above no later than 4:30 p.m. on 16 May 2016 (Monday) for registration. Domestic shares shareholder of the Company who intend to attend and vote at the annual general meeting shall submit all transfer documents accompanied by the relevant domestic share certificates to the office of the Board Secretary of the Company no later than 4:30 p.m. on 16 May 2016 (Monday) for registration.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the period from the Listing Date to the date of this annual report.

USE OF PROCEEDS

The H Shares of the Company were listed on the Stock Exchange on 30 December 2015. Net proceeds of the Company's listing was approximately HK$1,382.60 million (including over-allotment) which are intended to be applied in the manner consistent with that in the prospectus of the Company dated 17 December 2015. As of 31 December 2015, the planned uses of proceeds are as follow:

- approximately 65% will be used for the construction and operations of the BOO projects of the Group;
- approximately 20% will be used to repay certain long-term bank loans;
- approximately 5% will be used for investing in research and development activities and purchasing or upgrading IT systems; and
- approximately 10% will be used for working capital and other general corporate uses.

As of 31 December 2015, the proceeds of the Company was not used. The Directors have lodged proceeds in licensed bank located Hong Kong or China or financial institution as short-term interest-bearing instruments such as marketable fixed income securities, bank deposits and money market instrument. In 2016, the proceeds will be put into use successively by the Company in accordance with the strategies of operation and development as well as the conditions of the capital market.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 December 2015, the Group's revenue from operations attributed to our five largest customers and largest customer were 26.31% and 7.38%, respectively.

During the same period, the Group's total procurement expenses attributed to our five largest suppliers and largest supplier were 20.62% and 5.98%, respectively.

For the year ended 31 December 2015, the sales to five largest customers of the Group accounted for less than 30% of the total turnover of the Group.

For the year ended 31 December 2015, the five largest suppliers of the Group accounted for less than 30% of the total purchases of the Group.

BANK LOAN AND OTHER BORROWING

Details of the bank loan and other borrowing for the Company and its subsidiaries on 31 December 2015 are set out in note 21 to the consolidated financial statements.

CHARITABLE DONATION

For the year ended 31 December 2015, the Group has made charitable donation of approximately RMB24,500,000. The donation is used for local public utility construction projects by local government in Xinjiang Uygur Autonomous Region and Shanxi Province, the PRC.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Company and its subsidiaries for the year are set out in note 6 to the consolidated financial statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

For the year ended 31 December 2015, details of Directors, Supervisors and senior management are set out in page 31 to page 35 to this annual report.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Hong Kong Listing Rules and considers that all of the independent non-executive Directors are independent of the Company.

SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with each of the Directors and Supervisors. The principal particulars of such service contracts are (1) from the date of appointment to the date of expiry of the term of the current session of the Board/Supervisory Board; and (2) are subject to termination in accordance with their respective terms.

Each of the Directors and Supervisors has entered into a contract in respect of, among others, compliance of relevant laws and regulations, observations of the Articles of Association and provision on arbitration with the Company.

Save as disclosed above, none of the Directors or Supervisors has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT' REMUNERATION

Details of the remuneration of the Company's Directors and Supervisors for the year ended 31 December 2015 are as follows:

	Total RMB'000
Executive Directors	
Zhang Jianxin	1,047
Ma Xuping	1,038
Yin Bo(1)	722
Non-executive Directors(2)	
Zhang Xin	—
Guo Junxiang	—
Wang Jian	—
Chen Weilin(6)	—
Jia Fei(6)	—
Independent non-executive Directors(3)	
Yang Deren	70
Qin Haiyan	70
Wong, Yui Keung Marcellus	70
Supervisors	
Chen Qijun(4)	—
Wu Wei(4)	—
Hu Shujun(4)	—
Nan Xinjian(5)	282
Cao Huan(5)	144

Notes:

(1) Mr. Yin Bo served as Supervisor from 1 January 2015 to 1 June 2015 and served as Director from 2 June 2015 to 31 December 2015;

(2) Non-executive Directors would not receive any remuneration from the Company;

(3) During the year ended 31 December 2015, the independent non-executive Directors of the Company have not received any remuneration from the Company and their remuneration is subject to the approval from the Company's 2015 Annual General Meeting;

(4) Mr. Chen Qijun, Ms. Wu Wei and Mr. Hu Shujun are Supervisors appointed by the shareholders and shall not receive any remuneration from the Company;

(5) Mr. Nan Xinjian and Mr. Cao Huan were appointed as the employee representative Supervisors from 2 June 2015, and the illustrated remuneration was for the period from 2 June 2015 to 31 December 2015;

(6) Ms. Jia Fei and Mr. Chen Weilin were not acted as Directors since June 2015 as expiration of the terms.

The emoluments of the senior management for the year ended 31 December 2015 with the highest emoluments are within the following bands:

Remuneration bands	No. of person
RMB100,000 to RMB500,000	7
RMB500,001 to RMB1,000,000	2
RMB1,000,001 to RMB1,500,000	1

The Company's internal policies on the Directors and Supervisors remuneration are as follows:

1. Independent Non-executive Directors will receive their remuneration from the Company. The Company will pay each Independent Non-executive Director RMB120,000 annually (before tax, paid on a quarterly basis, the Company being responsible for withholding and paying personal income tax). Travel expenses incurred by Independent Non-executive Directors in attending Board meetings of the Company, general meetings and relevant activities organized by the Board will be borne by the Company;

2. Non-executive Directors without holding offices in the Company will not receive any remuneration from the Company;

3. Executive Directors holding offices in the Company will receive their remuneration from the Company. The remuneration of an Executive Director will be determined based on the senior management position held by such Executive Director, in accordance with rules relating to the management of remuneration of the Company; and

4. Supervisors will receive their remuneration from the Company where they currently hold a position. The remuneration of an employee representative Supervisor of the Company will be determined with reference to the standard of senior management of the Company, in accordance with rules relating to the management of remuneration of the Company.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

At the end of the year or at any time during the year, there was no transaction, arrangement or contract of significance to the Group's business in which the Company or its subsidiaries was a party, and in which a director or supervisor or an entity connected with the director or supervisor had a material interest, either directly or indirectly, subsisted during the year or at the end of the year.

INTEREST OF DIRECTORS IN COMPETING BUSINESS

Save as disclosed below, during the year of 2015, no other Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

Name of Director	Position in the Company	Other interests
Mr. Zhang Xin	Non-executive Director	Chairman of the board of directors and executive director of TBEA
Ms. Guo Junxiang	Non-executive Director	Secretary of the board of directors and executive director of TBEA

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As of 31 December 2015, so far as known to the Company, the interest and short positions of the Directors, Supervisors or chief executive of the Company in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO (a) which will have to be notified to the Company and the Stock Exchange (including those they are taken or deemed to have under such provisions of the SFO); or (b) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which will be required to be notified to the Company and the Stock Exchange pursuant to the model code for securities transactions by directors of listed companies as set out in Appendix 10 of the Listing Rules (the "**Model Code**") are as follows:

Name	Nature of Interest	The Company/ relevant corporation (including associated corporation)	Number of shares of the Company/ relevant corporation (including associated corporation) held	Approximate percentage of shareholdings in the total share capital of the Company/ relevant corporation (including associated corporation)(1)	Approximate percentage of shareholdings in the relevant class of Shares of the Company(2)	Long position/ short position
Director						
Mr.Zhang Xin	Interest in a controlled corporation(3)	The Company	57,826,308 Domestic Shares	5.65%	7.90%	Long position
	Beneficial Owner	TBEA(4)	351,478 shares	0.01%	N/A	Long position
	Interest in a controlled corporation(5)	TBEA	377,429,387 shares	11.62%	N/A	Long position
Mr. Zhang Jianxin	Beneficial Owner	TBEA(4)	250,000 shares	0.01%	N/A	Long position
Mr. Ma Xuping	Beneficial Owner	TBEA(4)	270,280 shares	0.01%	N/A	Long position
Ms. Guo Junxiang	Beneficial Owner	TBEA(4)	300,000 shares	0.01%	N/A	Long position
Mr. Yin Bo	Beneficial Owner	TBEA(4)	96,000 shares	0.00%	N/A	Long position
Supervisor						
Ms. Wu Wei	Beneficial Owner	TBEA(4)	350,000 shares	0.01%	N/A	Long position
Mr. Hu Shujun	Beneficial Owner	TBEA(4)	300,000 shares	0.01%	N/A	Long position
Mr. Nan Xinjian(6)	Beneficial Owner	TBEA(4)	40,900 shares	0.00%	N/A	Long position
Mr. Cao Huan	Beneficial Owner	TBEA(4)	47,000 shares	0.00%	N/A	Long position

(1) The calculation is based on the total number of 3,249,053,686 shares of TBEA and 1,024,228,362 shares of the Company in issue as of 31 December 2015.

(2) The calculation is based on the total number of 731,529,532 Domestic Shares of the Company in issue as of 31 December 2015.

(3) Mr. Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian, and as of 31 December 2015, Xinjiang Tebian directly holds 5.65% equity interest of the Company.

(4) TBEA is our Controlling Shareholder and therefore an "associated corporation" of our Company within the meaning of Part XV of the SFO. As of 31 December 2015, TBEA held 628,926,449 Domestic Shares of our Company which accounted for approximately 61.40% of the total share capital of the Company.

(5) Mr.Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian, which directly holds 377,429,387 shares of TBEA.

(6) Mr. Nan Xinjian resigned on 14 April 2016.

DIRECTOR INSURANCE

As of the reporting date, the Company had brought effective Director insurance for the Directors (current and resigned).

PERMITTED INDEMNITY PROVISIONS

During the financial year and up to the date of this annual report, the Company has in force indemnity provisions as permitted under the relevant statutes for the benefit of the Directors (including former Directors) of the Company or its associated companies. The permitted indemnity provisions are provided for in the directors and officers liability insurance maintained for the Group in respect of potential liability and costs associated with legal proceedings that may be brought against such Directors.

RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

During the reporting period, no right to subscribe the Shares in or debentures of the Company or any of its associated corporations was granted by the Company to any Director, Supervisor or chief executive of the Company or their respective spouses or children aged under 18, and no such rights to subscribe the above Shares or debentures were exercised by them.

FINANCIAL, BUSINESS OR RELATIVE RELATIONSHIPS BETWEEN THE MEMBERS OF THE BOARD OF DIRECTOR

As at the date of the report, there is no financial, business or relative relationships between the members of the board of director.

SHARE INCENTIVE TO THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

The Company did not have or implement share incentive scheme during the reporting period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As of 31 December 2015, so far as known to the Company after reasonable enquiry, the following persons (other than the Directors, supervisor or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to Section 336 of the SFO:

Report of the Board of Directors

Name of Shareholder	Nature of interest	Class of Shares held	Number of Shares held	Approximate percentage of shareholdings in the relevant class of Shares of the Company[1]	Approximate percentage of balance of shareholding in total share capital of the Company[1]	Long position/ short position
TBEA	Beneficial Interest	Domestic Shares	628,926,449	85.97%	61.40%	Long position
Xinjiang Tebian	Beneficial Interest	Domestic Shares	57,826,308	7.90%	5.65%	Long position
L.R. Capital Management Company (Cayman) Limited	Beneficial Interest	H Shares	73,099,415	24.97%	7.14%	Long position
CM International Capital Limited	Beneficial Interest	H Shares	43,859,649	14.98%	4.28%	Long position
GF Securities Co., Ltd.	Interest in a controlled corporation[5]	H Shares	29,239,766	9.99%	2.85%	Long position
	Interests held jointly with another person[6]		21,972,000	7.51%	2.15%	Long position
	Interests held jointly with another person[6]		21,972,000	7.51%	2.15%	Short position
GF Holdings (Hong Kong) Corporation Limited	Interest in a controlled corporation[5]	H Shares	29,239,766	9.99%	2.85%	Long position
	Interests held jointly with another person[6]		21,972,000	7.51%	2.15%	Long position
	Interests held jointly with another person[6]		21,972,000	7.51%	2.15%	Short position
GF Securities (Hong Kong) Brokerage Limited	Interests held jointly with another person[6]	H Shares	21,972,000	7.51%	2.15%	Long position
	Interests held jointly with another person[6]		21,972,000	7.51%	2.15%	Short position
GF Investment (Hong Kong) Company Limited	Interest in a controlled corporation[5]	H Shares	29,239,766	9.99%	2.85%	Long position
GF Energy Investment Limited	Beneficial Interest	H Shares	29,239,766	9.99%	2.85%	Long position
Fubon Financial Holding Co., Ltd.	Interest in a controlled corporation[7]	H Shares	17,613,600	6.01%	1.72%	Long position
Fubon Life Insurance Co., Ltd.	Beneficial Interest	H Shares	17,613,600	6.01%	1.72%	Long position
Keystone Group Ltd.	Beneficial Interest	H Shares	26,420,400	9.03%	2.58%	Long position
Mr. Chen Weilin[8]	Interest in a controlled corporation	Domestic Shares	57,826,308	7.90%	5.65%	Long position

Report of the Board of Directors

Name of Shareholder	Nature of interest	Class of Shares held	Number of Shares held	Approximate percentage of shareholdings in the relevant class of Shares of the Company[1]	Approximate percentage of balance of shareholding in total share capital of the Company[1]	Long position/ short position
Ms. Ouyang Xinxiang[2]	Interest in a controlled corporation	H Shares	26,420,400	9.03%	2.58%	Long position
LRC. Belt and Road Investment Limited	Beneficial Interest	H Shares	26,420,400	9.03%	2.58%	Long position
Strategic Global Investment Corporation Limited[3]	Interest in a controlled corporation	H Shares	26,420,400	9.03%	2.58%	Long position
Union Sky Holding Group Limited	Beneficial Interest	H Shares	17,613,600	6.02%	1.72%	Long position
Mr. Shi Yuzhu[4]	Interest in a controlled corporation	H Shares	17,613,600	6.02%	1.72%	Long position

(1) The calculation is based on the total number of 1,024,228,362 shares of the Company in issue for the date ended 31 December 2015, in which 731,529,532 are Domestic Shares and 292,698,830 are H Shares.

(2) Keystone Group LTD. is 100% owned by Ms. Ouyang Xinxiang. Therefore, Ms. Ouyang Xinxiang is deemed or taken to be interested in all our Shares held by Keystone Group LTD. for the purpose of the SFO.

(3) Chan Mei Ching and Chan Min Chi hold 47% and 51% equity interest in Strategic Global Investment Corporation Limited, respectively. Strategic Global Investment Corporation Limited holds 99% equity interest in LRC. Belt and Road Investment Limited. Therefore, each of Chan Mei Ching, Chan Min Chi and Strategic Global Investment Corporation Limited is deemed or taken to be interested in all our Shares held by LRC. Belt and Road Investment Limited for the purpose of the SFO.

(4) Union Sky Holding Group Limited is 100% owned by Mr. Shi Yuzhu. Therefore, Mr. Shi Yuzhu is deemed or taken to be interested in all our Shares held by Union Sky Holding Group Limited for the purpose of the SFO.

(5) GF Investment (Hong Kong) Company Limited holds 81% of the equity interest of GF Energy Investment Limited, and GF Holdings (Hong Kong) Corporation Limited is 100% owned by GF Securities Co., Ltd.. Accordingly, under SFO, GF Securities Co., Ltd. and GF Holdings (Hong Kong) Corporation Limited are deemed to be interested in the 29,239,766 H Shares of long position held by GF Energy Investment Limited.

(6) GF Securities (Hong Kong) Brokerage Limited holds 21,972,000 H Shares of long position and 21,972,000 H Shares of short position jointly with UBS AG Hong Kong Branch, AMTD Asset Management Limited and BOCI Asia Limited. GF Holdings (Hong Kong) Corporation Limited holds 100% of the equity interest of GF Securities (Hong Kong) Brokerage Limited, and GF Holdings (Hong Kong) Corporation Limited is 100% owned by GF Securities Co., Ltd.. Accordingly, under SFO, GF Securities Co., Ltd. and GF Holdings (Hong Kong) Corporation Limited are deemed to be interested in the 21,972,000 H Shares of long position and 21,972,000 H Shares of short position held by GF Securities (Hong Kong) Brokerage Limited.

(7) Fubon Life Insurance Co., Ltd. is 100% owned by Fubon Financial Holding Co., Ltd.. Therefore, Fubon Financial Holding Co., Ltd. is deemed or taken to be interested in all of the shares of the Company held by Fubon Life Insurance Co., Ltd. for the purpose of the SFO.

(8) Mr. Chen Weilin holds 33.61% of the equity interest of Xinjiang Tebian, which directly holds 5.65% interest of our Company. Accordingly, under SFO, Mr. Chen Weilin is deemed to be interested in the 57,826,308 Domestic Shares held by Xinjiang Tebian.

COMPLIANCE WITH OFAC UNDERTAKINGS

During the Listing of the Company, an undertaking is made to the Hong Kong Stock Exchange by the Company that the Company would not use any proceeds from the Global Offering directly or indirectly provide to or prompt in any activities or businesses (no matter what purpose) of conducted in any sanctioned objects. Hence, the Directors of the Company confirmed that the Company complied with the OFAC Undertakings during the reporting period and will continue to comply with the OFAC Undertakings in the normal course of business in future.

MANAGEMENT CONTRACT

The Company did not enter into or establish any management and administrative contracts relating to all or any material part of business in 2015.

SIGNIFICANT CONTRACTS

Apart from as disclosed under the heading of the “Connected Transaction” in this report, neither the Company nor any one of its subsidiaries has signed significant contracts with the Controlling Shareholder or any one of its subsidiaries other than the Group, and no significant contract for delivery of service has been signed between the Group and the Controlling Shareholder or any one of its subsidiaries other than the Group.

CONNECTED TRANSACTIONS

The following disclosed connected transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules, and conform to the relevant disclosure requirements. In relation to the connected transactions mentioned below, the Directors are of the opinions that the Company has complied with the disclosure requirements of Chapter 14A of the Hong Kong Listing Rules. Please refer to the announcements disclosed on the website of the Stock Exchange and the website of the Company.

The following disclosed amounts in respect of the continuing connected transactions in this section are not equivalent to transactions with related parties in Note 36 to the consolidated financial statements. The differences are attributable to: (i) the amount of transactions which were one-off transactions between the Company and the respective associates of TBEA; (ii) the amount of the fully exempt continuing connected transactions.

Apart from the above and the connected transactions and continuing connected transactions as disclosed in this annual report, none of the related party transactions constituted connected transactions or continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules, which are subject to announcement or independent shareholder’s approval requirements.

EXEMPT CONNECTED TRANSACTIONS

The Group conducted certain exempt continuing connected transactions, including miscellaneous construction service framework agreement.

Our Company entered into miscellaneous construction service framework agreement (the "TBEA Miscellaneous Construction Service Framework Agreement") with TBEA on 30 October 2015, to regulate the transactions between TBEA and/or its associates and the Company in respect of Miscellaneous Construction service (such as engineering construction, greening service, installation of water, electricity, gas and heat) (the "TBEA Miscellaneous Construction Services"). The Miscellaneous Construction service is mainly in supporting nature which is different from the main construction service for our EPC and BT business. Upon signing off the Miscellaneous Construction Service Framework Agreement, based on the prevailing circumstances, the Directors of the Company anticipated that each of the relevant percentage ratios (except for the profits ratio) in relation to the Miscellaneous Construction Service Framework Agreement calculated for the purpose of Chapter 14A of the Listing Rules will, as our Directors currently expect, be less than 0.1% on an annual basis. By virtue of Rule 14A.76(1) of the Listing Rules, the transactions are exempted from the annual reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, in preparing the consolidated financial statements of the Company as of 31 December 2015, the Company noted that the transaction amount under the TBEA Miscellaneous Construction Service Framework Agreement between the Company and TBEA amounted to RMB22,095,190 for those periods. By virtue of Rule 14A.36(1) of the Listing Rules, the annual percentage ratios in respect of the transaction amount calculated for the purpose of the Listing Rules would be more than 0.1% but less than 5%, and shall be re-subject to annual reporting, annual review and announcement requirements, but will be exempted from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the Miscellaneous Construction Services Agreement, the Company has published announcement in relation to the annual actual transaction amount for 2015 on 24 March 2016 and has recommended independent shareholders to approve the annual caps of 2016 and 2017.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Group has the following non-exempt continuing connected transactions during the year.

For type 1 to type 3 of the non-exempt continuing connected transactions mentioned below, the Company was granted approval of an annual cap for such continuing connected transactions by Hong Kong Stock Exchange upon the listing of H Shares and exempted from the requirements relating to announcement and approval of independent shareholders.

For details of the following type 1 and type 3 exempt transactions are set out in the 2015 Annual Report, and the annual caps of 2015 and 2017 have been approved on the sixth session of the Extraordinary Board Meeting of 2015 held on 30 October 2015.

However, during the process of preparing the consolidated financial statements of the Company for the year ended 31 December 2015, it was discovered that the transactions with TBEA under the Products Procurement Framework Agreement amounted to RMB389,533,636, which exceeded the 2015 annual cap by RMB254,533,636, representing 189% of the annual cap. Pursuant to Rule 14A.76 of the Listing Rules, since at least one of the applicable percentage ratios of the transaction amount calculated under the Listing Rules exceeds 5%, the Company is subject to the announcement, circular and independent Shareholders' approval requirements.

Meanwhile, the transaction value between the Company and TBEA under the Coal Procurement Framework Agreement amounted to RMB149,434,303 and therefore, the amount payable by the Company to TBEA and/or its associates as regard to the procurement of coal exceeded the 2015 annual cap by RMB19,434,303, representing 14.95% of the annual cap. Pursuant to Rule 14A.76 of the Listing Rules, since at least one of the applicable percentage ratios of the transaction calculated under the Listing Rules exceeded 0.1% but below 5%, the Company is subject to annual reporting, annual review and announcement requirements, but will be exempted from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The following table stated the annual cap and actual transaction amount of such transactions in 2015:

Matters of the connected transactions	**Connected person**	**2015 annual cap (RMB'000,000)**	**2015 Actual annual transaction amounts (RMB'000,000)**
1. Products Procurement Framework Agreement (Type 1)	TBEA	135.00	389.53
2. Coal Procurement Framework Agreement (Type 2)	TBEA	130.00	149.43
3. Products Procurement Framework Agreement (Type 3)	Xinjiang Tebian	20.00	17.72

In connection with the Type 1 and Type 2 continuing connected transactions, the Company has made announcement in respect of the 2015 actual annual transaction amounts on 24 March 2016 and recommended the independent shareholders to approve the revised annual cap for year of 2016 and 2017 in respect of the Type 1 continuing connected transaction.

Report of the Board of Directors

Product Procurement Framework Agreement (Type 1)

Our Company entered into a products procurement framework agreement with TBEA, being the Controlling Shareholder of our Company on 30 October 2015, pursuant to which, TBEA and/or its associates shall provide the Company with transformers (including ancillary equipments), wires, cables and other equipments. The Products Procurement Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent, and the relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the Products Procurement Framework Agreement.

Coal Procurement Framework Agreement (Type 2)

Our Company entered into a coal procurement framework agreement with TBEA on 30 October 2015, pursuant to which, TBEA and/or its associates shall provide coal to us. Pursuant to Coal Procurement Framework Agreement, Xinjiang Tianchi Energy Co., Ltd ("Xinjiang Tianchi"), a subsidiary of TBEA, provided coal to the Company for power generation and heating. The Coal Procurement Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent, and the relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the Coal Procurement Framework Agreement.

Procurement of Products Framework Agreement (Type 3)

Our Company entered into a procurement of products framework agreement with Xinjiang Tebian on 30 October 2015, pursuant to which we will procure equipments and cabinets such as high-low voltage switch cabinet, control cabinet, electricity control cabinet, power distribution cabinet (the "products") from Xinjiang Tebian and its associates. The Products Procurement Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent, and the relevant subsidiaries or associated companies of both parties will enter into separate agreements which will set out the specific terms and conditions (including the pricing, quality and service standards) according to the normal commercial terms provided in the Products Procurement Framework Agreement.

Information relating to TBEA

TBEA is a joint stock company incorporated in the PRC on 26 February 1993. As of the date of this announcement, its registered capital amounted to RMB3,249,053,686. TBEA and its close associates (excluding our Group) (the "TBEA Group") are principally engaged in: (i) the manufacturing and sale of power transformers, reactors, wires, cables and other electrical and mechanical equipment and (ii) domestic and overseas engineering and construction contracting for power transmission projects, water power and thermal power station projects. As of the Latest Practicable Date, TBEA is interested in approximately 60.18% of the total issued share capital of the Company, and thus is a Controlling Shareholder of the Company. Accordingly, TBEA is a connected person of the Company as defined under Chapter 14A of the Listing Rules.

Information relating to Xinjiang Tebian

Xinjiang Tebian is a company with limited liability incorporated in the PRC on 27 January 2003, with a registered capital of RMB75,000,000 as of the date of this announcement. Xinjiang Tebian is principally engaged in the production and sales of electromechanical products and transformer accessories, and industrial investment. Mr. Zhang Xin is a connected person of our Company by virtue of his position as our Director as defined under Chapter 14A of the Listing Rules. Xinjiang Tebian, being the company in which Mr. Zhang Xin holds 30% or more interest, is a connected person of the Company by virtue of it being an associate of Mr. Zhang Xin as defined under Chapter 14A of the Listing Rules.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors of the Company had reviewed the abovementioned continuing connected transactions and confirmed the transactions were:

(1) conducted in the normal course of business of the Group;

(2) conducted pursuant to normal commercial terms; if the comparable transactions could not be relied on to judge whether the terms of the transactions were normal commercial terms, those terms should not be less favorable than the terms accepted or provided by independent parties; and

(3) conducted in accordance with the terms of agreement related to the transactions and the terms were fair and reasonable and in the interests of shareholders of the Company as a whole.

CONFIRMATION OF AUDITORS

The Company's external 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 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. The external auditor has issued their letter containing their findings and conclusions in respect of the abovementioned transactions in accordance with Rule 14A.38 of Listing Rules. The Company has provided a copy of the said letter to Hong Kong Stock Exchange.

For the connected transactions, save as disclosed above, Directors had also confirmed the Company's compliance with the disclosure requirements of Chapter 14A of Listing Rules.

BUSINESS REVIEW

In 2015, the Group conscientiously implemented the Electric Power Law of the People's Republic of China and the Renewable Energy Law of the People's Republic of China, Certain Opinions on Further Deepening the Reform of Electric Power System (Zhong Fa [2015] No. 9) (《關於進一步深化電力體制改革的若干意見》) issued by the CPC Central Committee and the State Council in 2015, the Notice Regarding Carrying Out Quality Inspection on the National PV Power Generation Projects (《關於開展全國光伏發電工程品質檢查的通知》) issued by the National Energy Administration and the Notice Regarding the Improvement of Onshore Wind Power and PV Power Generation Benchmark Price Policy (Fa Gai Jia Ge [2015] No. 3044) (《關於完善陸上風電、光伏發電上網標桿電價政策的通知》) issued by the NDRC, and the Notice of Issues concerning the Use of Forest Land by the PV Power Plants (Lin Zi Fa [2015] No. 153) (《關於光伏電站建設使用林地有關問題的通知》) issued by the National Forestry Administration. The Group has strictly complied with the relevant laws and regulations and has not been punished by the relevant regulatory authorities in 2015. For more details, please see the sections in "Management Discussion and Analysis" and "Human Resources".

ENVIRONMENTAL POLICY AND PERFORMANCE OF THE COMPANY

The Company shall be subject to PRC environmental laws and regulations relating to air pollution, noise emissions, hazardous substances, sewage and waste discharge and other environmental matters.

The Company has established environmental management systems (ISO 14001) and obtained the relevant certifications. The Company has also implemented a comprehensive pollution and environmental protection control system, adopting stringent measures to control the discharge of pollutants during our business operations. In particular, our advanced closed-loop polysilicon production process not only promotes production efficiency but also significantly reduced pollution. The Company has taken various measures to reduce the impact of our polysilicon production on the environment. These measures include monitoring and controlling solid waste, waste water, exhaust fumes, and noise.

In our engineering and construction contracting business, the Company placed an emphasis on environmental protection and strive to conduct our research and development activities on an environmentally friendly basis and use environmentally-friendly technologies and products.

In 2015, the Company did not suffer any material environmental accidents or instances of pollution and we were not subject to any material administrative penalties due to environmental accidents or pollution. As of the Latest Practicable Date, the Company had not been subject to any material fines or legal action involving non-compliance with any PRC environmental law or regulation, or received any warning or pending action from any environmental regulatory authority in China or overseas.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

Our Controlling Shareholder TBEA has undertaken on 16 June 2015 (the "Non-competition Undertaking"), that it, its subsidiaries and its associates (except for any members of our Group) will not carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved or interested (economically or otherwise) in any business investment activities (excluding the CNNC EPC Project, the EGing Project and the Roof EPC Project) which compete or are likely to compete, alone or with other persons, directly or indirectly, with our business (the"Restrained Businesses").

The Non-competition Undertaking does not apply to (i) the holding of any equity interests in any members of our Group; and (ii) the holding of securities in a company that is engaged in the Restrained Business and whose securities are listed on any stock exchange; provided that TBEA or its associates do not individually or in aggregate hold or control the voting rights in respect of 10% or more of the issued share capital of such company; provided that such holding of voting rights does not grant TBEA or its close associates any right to control the composition of the board of directors of such company, none of the members of TBEA group controls the board of directors of such company and such holding of voting rights does not grant TBEA or its close associates any right to participate, directly or indirectly, in such company.

As of the Latest Practicable Date, no decisions are required to be made by our independent non-executive Directors as stipulated by the Non-competition undertaking relating to exercise or non-exercise of options for New Business Opportunities, pre-emptive rights and Option for purchase which would need to be disclosed in the annual report.

The independent non-executive Directors had reviewed TBEA's compliance with the "Non-competition Undertaking". As of the Latest Practicable Date, there is no breach of Non-competition Undertaking by TBEA.

PRE-EMPTIVE RIGHTS AND SHARE OPTION ARRANGEMENTS

Pursuant to the PRC laws and requirements of the articles of associations, the Company has no pre-emptive rights or share option.

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Group's retirement and employees benefit scheme are set out in Note 28 to the Financial Statements.

In accordance with regulations applicable to enterprises and the relevant requirements of all levels of local governments in areas in which we operate, we established the pension plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance. In addition, the Company and some of its subsidiaries also set up a corporate annuity system for providing retired employees with further protection. In accordance with applicable PRC laws and regulations, the amount of contributions to the aforesaid social insurance is strictly based on state, provincial, autonomous region and municipal requirements of the PRC. We also established an employee housing fund in accordance with applicable PRC regulations.

EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2015, the Company has not entered into any equity-linked agreement.

PUBLIC FLOAT

Based on the publicly available information to the Company, so far as to the Directors knowledge, no less than 25% of the shares of the Company in issue are held by the public as at the latest practicable date prior to the publication of this annual report, which complied with the requirement of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of Listing Rules as its own code of corporate governance. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code. since 30 December 2015 (the "Listing Date") to the date of this report, the Company has complied with applicable code provisions as set out in the CG Code.

ARTICLES OF ASSOCIATION

On 2 June 2015, the articles of association of the Company were reviewed and approved at the 3rd extraordinary general meeting in 2015.

MAJOR LEGAL PROCEEDING

As of 31 December 2015, the Company was involved in two major legal proceedings, which have disclosed in the prospectus:

Jiangsu Zhongneng Case:

In June 2013, Jiangsu Zhongneng Silicon Technology Development Co., Ltd. ("Jiangsu Zhongneng") initiated a civil lawsuit against us with the People's Court in Jiangsu for alleged infringements by us of certain intellectual property rights and trade secrets which claimed to be owned by Jiangsu Zhongneng, including STC hydrochlorination technology, high-efficiency and energy saving CVD reactor and silane-based FBR technology. Jiangsu Zhongneng sought a compensatory damage of RMB60 million against us. In December 2014, after our appeals, the Supreme People's Court in China ruled in our favor that the People's Court in Jiangsu lacked jurisdiction and this case should be heard in a court based in Xinjiang. In addition, Jiangsu Zhongneng has withdrawn its claim against us in relation to the infringement of intellectual property rights in December 2014.

Given that (i) we have never applied the silane-based FBR technology in our Polysilicon Production business, and (ii) the STC hydrochlorination technology and high-efficiency and energy saving CVD reactor which we used in our production were both purchased from legitimate third-party suppliers under valid purchase agreements, the Company believe that we did not infringe upon the intellectual property rights and trade secrets of Jiangsu Zhongneng. As of the Latest Practicable Date, this legal proceeding is being transferred to a court based in Xinjiang and therefore has not been initiated, and Jiangsu Zhongneng has not submitted any substantive evidence for the court to review and judge the case on the merits.

Yingli Energy Case:

In June 2014, Yingli Energy (China) Co., Ltd. ("Yingli Energy") initiated a civil lawsuit against us with a Xinjiang court to recover receivables of approximately RMB15 million under the purchase agreements entered into between Yingli Energy and us in 2012, under which we ordered and purchased certain PV modules from Yingli Energy as instructed by an EPC customer. In December 2014, the court ruled in our favor and, subsequently, Yingli Energy filed an appeal. As of the Latest Practicable Date, this contract dispute was still going through the appellate procedure. In 2012, as the general contractor, we entered into an EPC contract with a customer under which we were specifically requested to procure PV modules from Yingli Energy. Based on the terms of the purchase agreements entered into with Yingli Energy, our payment obligations to Yingli Energy would only arise after we have received the progress payments from the EPC project owner, which is our customer.

The Company has actively sought to collect the receivables from our EPC customer, but as of the Latest Practicable Date, the Company still did not receive a portion of the progress payments, and therefore, the Company still maintained a portion of payables to Yingli Energy based upon the terms of the purchase agreements.

Given that (i) our EPC customer informed us that it expects to pay us the remaining progress payments soon and therefore we expect to pay the remaining payables under the EPC contract in 2016, and (ii) our receivables due from the EPC customer and our payables to Yingli Energy have been accounted for in our consolidated financial statements, we believe that, even if we should not prevail in the upcoming appellate trial, this contract dispute will not have any material adverse effect on our business, financial condition and results of operations.

Except for the above-mentioned proceedings, as of 31 December 2015, the Group was not involved in any major legal proceedings or arbitrations. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Group.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's 2015 annual results and the consolidated financial statements for the year ended 31 December 2015 prepared in accordance with the IFRS.

AUDITOR

The consolidated financial statements for the year ended 31 December 2015 prepared in accordance with the IFRS have been audited by PricewaterhouseCoopers who shall retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company. The Company has retained PricewaterhouseCoopers since the date of preparation of its Listing.

FINANCIAL SUMMARY

The summary of operating results, assets and liabilities of the Group for the year ended 31 December 2015 is set out on pages 82 to 168 of this annual report.

Zhang Jianxin
Chairman
By order of the Board
Xinte Energy Co., Ltd.
24 March 2016 in Xinjiang

Report of Supervisory Board

The current session of the Supervisory Board was re-elected upon approval by the 3rd Extraordinary General Meeting and the first of the second session of the Supervisory Board in 2015 of the Company convened on 2 June 2015, and consists of five Supervisors, two of which are employee representative supervisors. In 2015, the Supervisory Board of the Company, for the long-term interests of the Company and rights and interests of Shareholders, dutifully supervised the performance of duties by Directors and senior management personnel of the Company in strict accordance with laws such as PRC Company Law, regulations, rules and normative documents, the Articles and Rules of Procedure for Meetings of the Supervisory Board of the Company. Following is a report of the principal work of the Supervisory Board during the Reporting Period:

1. SUPERVISORY BOARD MEETINGS

During the year, a total of 2 Supervisory Board meetings took place. "Proposals on Electing the 2nd Non-employee Supervisor Candidate of the Supervisory Board of the Company" and "Rules of Procedure of Supervisory Board of Xinte Energy Co., Ltd." were deliberated and approved by the first Extraordinary General Meeting in 2015 convened on 18 May 2015; "Proposals on Electing the Chairman of the Supervisory Board" was deliberated and approved by the first meeting of the second session of the Supervisory Board convened on 2 June 2015.

All the Supervisors had taken part in the above meetings.

2. INDEPENDENT OPINIONS OF THE SUPERVISORY BOARD

The Supervisory Board made the following observations regarding relevant aspects of the Company during the year:

1. Compliance with Laws and Regulations in the Course of Company Operations

During the reporting period, the Supervisory Board attended all Board meetings and general meetings. The Supervisory Board also supervised the Board and general meeting procedures and proposal discussions, the Board's implementation of decisions made during general meetings, the ability of senior management employees to perform their duties, the implementation of various management policies of the Company, and the Company's operational performance. The Supervisory Board believes that the Company operated in compliance with required standards, made lawful and rational decisions, acted in compliance with its corporate governance structure, and established adequate internal controls. Directors and senior management of the Company performed their duties with responsibility, integrity and diligence, and strictly implemented the various decisions of the general meetings. The Supervisory Board did not find any activities that were unlawful, out of compliance with government or Company regulations, or damaging to the Company or shareholders' interest.

2. Financial Position

The Supervisory Board carefully inspected the Company's periodic financial report and financial policies during the reporting period. The Supervisory Board believes that the Company's financial department's internal control system is complete, and is continuously being improved. The Supervisory Board believes all policies and systems were strictly implemented, and therefore effectively guaranteed the successful functioning of the Company's production and operation. During 2015, the Company's financial position was sound, financial management was effective, the consolidated financial statements were complete and objective, and truthfully reflected the Company's financial position and operational performance. The Supervisory Board believes that the 2015 annual report with unqualified opinion issued by PricewaterhouseCoopers was true and fair.

3. Connected Transactions

During the reporting period, the pricing method of the connected transaction agreements were in accordance with accepted business practices and the relevant rules and regulations, demonstrating the principles of fairness and equality. The Supervisory Board believes that, during the year 2015 there were no connected transactions that would damage the Company or shareholders', especially medium and small shareholders' interests.

Chen Qijun
Chairman of the Supervisory Board
24 March 2016 in Xinjiang

Corporate Governance Report

The Board of the Company hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2015.

1. The Board

1.1 Composition of the Board

As of 31 December 2015, the Board consisted of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

The biographical details of the Directors as at the date of this report are set out on pages 31 to 35 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among members of the Board. The structure of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the Shareholders.

Since the Listing of the Company, the Board has been in compliance with the requirement of the Listing Rules requiring the appointment of at least three independent non-executive Directors. It has also complied with the requirement which requires that independent non-executive Directors shall represent at least one third of the Board. The three independent non-executive Directors of the Company fully qualified with the requirements under Rule 3.10(1) and (2) of the Listing Rules. In addition, the Company has received annual confirmations from each of independent non-executive Directors as to their respective independence in accordance with Rule 3.13 of the Listing Rules. The Company therefore considers all independent non-executive Directors to be independent pursuant to the requirements as set out in the Listing Rules.

The composition of the Board during the year 2015 is set out as follows:

Name	Position	Term of office
Mr. Zhang Jianxin	Chairman and Executive Director	2012.7–2015.5
		2015.6–2018.6
Mr. Ma Xuping	Executive Director	2012.7–2015.5
		2015.6–2018.6
Mr. Yin Bo	Executive Director	2015.6–2018.6
Mr. Zhang Xin	Non-executive Director	2012.7–2015.5
		2015.6–2018.6
Ms. Guo Junxiang	Non-executive Director	2012.7–2015.5
		2015.6–2018.6
Mr. Wang Jian	Non-executive Director	2015.4–2018.6
Mr. Qin Haiyan	Independent non-executive Director	2015.6–2018.6
Mr. Yang Deren	Independent non-executive Director	2015.6–2018.6
Mr. Wong, Yui Keung Marcellus	Independent non-executive Director	2015.6–2018.6
Ms. Jia Fei	Non-executive Director (end of term)	2012.7–2015.5
Mr. Chen Weilin	Non-executive Director (end of term)	2012.7–2015.5

The movements of members of the Board during 1 January 2015 to this report are as follows:

1. On 2 June 2015, Mr. Zhang Jianxin and Mr. Ma Xuping were re-appointed as executive Directors, and Mr. Zhang Xin and Ms. Guo Junxiang were re-appointed as non-executive Directors due to the expiration of their terms;

2. On 12 April 2015, Mr. Wang Jian was appointed as non-executive Director;

3. On 2 June 2015, Mr. Yin Bo was appointed as executive Director, and Mr. Qin Haiyan, Mr. Yang Deren, Mr. Wong, Yui Keung Marcellus were appointed as independent non-executive Directors;

4. Ms. Jia Fei and Mr. Chen Weilin have not acted as Directors since June 2015 due to the expiration of their terms.

Pursuant to the Corporate Governance Code and the Corporate Governance Report of Appendix 14 of the Listing Rules, the Company has adopted the Board Diversification Policy of Xinte Energy Co., Ltd. (《新特能源股份有限公司董事會成員多元化政策》).

1.2 Board Meetings

Pursuant to the Articles of Association, the Board is required to hold at least four meetings each year and such meetings shall be convened by the Chairman. A notice of the Board meeting shall be sent to all Directors at least 14 days prior to the convening of the meeting, to ensure that they can attend the meeting and incorporate the related matters in the agenda.

In 2015, the Board convened 8 meetings and submitted 18 resolutions to the general meeting. The Board held 8 meetings in total. The attendance of the Directors at Board meetings is as follows:

Name	Number of meetings required to be attended	Number of meetings attended	Number of meetings attended by proxy
Mr. Zhang Jianxin	8	8	0
Mr. Ma Xuping	8	8	0
Mr. Yin Bo	4	4	0
Mr. Zhang Xin	8	8	0
Ms. Guo Junxiang	8	8	0
Mr. Wang Jian	5	5	0
Mr. Qin Haiyan	4	4	0
Mr. Yang Deren	4	4	0
Mr. Wong, Yui Keung Marcellus	4	4	0
Ms. Jia Fei (end of term)	4	4	0
Mr. Chen Weilin (end of term)	4	4	0

1.3 Duties and Powers Exercised By the Board of Director and Management

The Board of Directors has the following duties and powers (among others) according to the Article of Association:

- convening general meetings and presenting reports thereto;
- implementing the resolutions made at the general meetings;
- determining the Company's business and investment plans;
- working out the Company's annual financial budget plans and final account plans;

- working out the Company's profit distribution plans and loss recovery plans;

- working out the Company's plans on the increase or reduction of registered capital, as well as on the issuance of shares, bonds or other securities and listing plans;

- formulating proposals for material acquisitions, purchase of shares of the Company, merger, split-up, dissolution and change of the Company nature;

- deciding on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc. of the Company within the scope authorized by the general meeting;

- deciding on the establishment of the Company's internal management departments;

- deciding on the appointment or dismissal of general manager and the Board secretary of the Company; decide on the appointment or dismissal of the Board secretary and deputy general manager, chief accountant and other senior management personnel according to the nomination of Chairman of the Board and the general manager, respectively as well as their remuneration and incentives;

- formulating the Company's basic management system;

- formulating the plan for modification of the Articles of Association;

- proposing the employment or replacement of the accounting firm which audits the Company's accounts to the general meeting;

- hearing the manager's work report and check the general manager's work;

- checking any major transaction, very material disposal, very material acquisition and anti-acquisition action of the Company under the Hong Kong Listing Rules, and report to the general meeting for approval;

- approving any transaction under the Hong Kong Listing Rules except those major transactions, very material disposal, very material acquisitions and anti-acquisition actions which must be published;

- approving the connected transactions without the approval or announcement at the general meeting and under the Hong Kong Listing Rules;

- approving the connected transactions requiring the approval at the general meeting under the Hong Kong Listing Rules;

- exercising other powers regulated in laws, regulations and the listing rules of the stock exchange where the Company's Shares are listed and conferred by the general meeting and these Articles of Association.

The Board of Directors shall also be responsible for the followings: implementing, reviewing and improving the corporate governance system and condition of the Company; reviewing and supervising the training and continuing professional development of Directors and senior management; reviewing and supervising the compliance of the Company's policies with laws and relevant regulations of the securities regulatory authority where the Shares are listed and making the relevant disclosure in the Corporate Governance Report; formulating, reviewing and supervising the code of conduct and relevant compliance manual of employees and directors.

The Company's general manager, deputy general manager, chief accountant, the secretary of the Board, chief machinist, chief safety director are the senior management officers of the Company. The general manager is accountable to the Board and exercises the duties below:

- to take charge of the production operations and management tasks and organize the implementation of the Board's resolution, and to report his/her work to the Board;

- to organize the implementation of the Company's annual operating plan and investment plan;

- to devise the set-up of the Company's internal management structure;

- to formulate the basic management policy of the Company;

- to formulate the basic rules of the Company;

- to propose the appointment or dismissal of the deputy general manager, chief accountant, chief machinist, chief safety director and other senior management;

- to appoint or dismiss management personnel, aside from those requiring the Board in approving their appointment or dismissal;

- other duties as granted by the Company's Articles of Association and the Board.

1.4 Chairman and General Manager

The positions of the Chairman and the General Manager (i.e., chief executive officer under the Listing Rules) of the Company are held by different persons in order to ensure independence and accountability of their respective functions and balanced distribution of power and authority between them. Mr. Zhang Jianxin and Mr. Ma Xuping served as the Chairman and the General Manager (held by Mr. Yi Bo since March 2016) respectively, whose powers and responsibilities were clearly divided according to Articles of Association.

1.5 Appointment and Re-election of Directors

Pursuant to the Articles of Association, Directors shall be elected at Shareholders' meetings with a term not more than three years, renewable upon re-election. The Company has implemented a set of effective procedures for appointment of new Directors. Nomination of new Directors shall be first considered by the nomination committee whose recommendations will then be put forward to the Board for consideration. All newly nominated Directors are subject to election and approval at general meetings.

The Company has entered into service contracts with each of the Directors (including non-executive Directors). Such service contracts are for a term of three years.

1.6 Directors' Remuneration

The Company has not paid remuneration to independent non-executive Directors in 2015 and the Board of the Company have reviewed and approved the remuneration standard for the independent non-executive Directors and proposed to present to the general meeting for consideration. Such remuneration will be paid upon approval was obtained at the general meeting and will be calculated from the date of their appointment. Non-executive Directors will not receive salaries from the Company. While executive Directors will not receive their salaries for holding the directorship, but receive their remunerations corresponding to their management position.

Corporate Governance Report

1.7 Training of Directors

All Directors participated in continuous professional development in 2015 to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant. Details of the Directors' training during the year 2015 are set out as belows:

Name	Position	Training received	Areas covered in the training
Mr. Zhang Jianxin	Chairman and Executive Director	No less than 100 hours	Corporate governance and relevant regulations, corporate management, energy research, strategic planning, human resources and capital operation, etc.
Mr. Ma Xuping	Executive Director and General Manager	No less than 60 hours	Corporate governance and relevant regulations, corporate management, energy research, strategic planning and human resources, etc.
Mr. Yin Bo	Executive Director and deputy general manager	No less than 72 hours	Corporate governance and relevant regulations, corporate management, energy research and human resources, etc.
Mr. Zhang Xin	Non-executive Director	No less than 60 hours	Corporate governance and relevant regulations, corporate management, energy research, strategic planning, human resources and capital operation, etc.
Ms. Guo Junxiang	Non-executive Director	No less than 60 hours	Corporate governance and relevant regulations, information disclosure, corporate governance, finance, corporate management and capital operation, etc.
Mr. Wang Jian	Non-executive Director	No less than 30 hours	Corporate governance and relevant regulations, corporate management, energy research, strategic planning and capital operation, etc.
Mr. Qin Haiyan	Independent non-executive Director	No less than 100 hours	Corporate governance and relevant regulations, corporate management and energy research, etc.
Mr. Yang Deren	Independent non-executive Director	No less than 40 hours	Corporate governance and relevant regulations, corporate management and research of new energy materials, etc.
Mr. Wong, Yui Keung Marcellus	Independent non-executive Director	No less than 20 hours	Corporate governance and relevant regulations, corporate governance, audit, accounting and financial management,etc.
Ms. Jia Fei	Executive Director (end of term)	No less than 40 hours	Corporate governance and relevant regulations and corporate management. etc.
Mr. Chen Weilin	Non-executive Director (end of term)	No less than 30 hours	Corporate governance and relevant regulations and corporate management. etc.

1.8 Corporate Governance Functions

The corporate governance functions were performed by the Board. The corporate governance functions are to develop and review the Company's policies and practices on corporate governance to comply with the Corporate Governance Code under Appendix 14 of the Listing Rules and other legal or regulatory requirements and make recommendations to the Board, to oversee the Company's orientation program for new Director, to review and monitor the training and continuous professional development of Directors and senior management, to develop, review and monitor the code of conduct applicable to employees and Directors, and to review the Company's disclosure in the Corporate Governance Report.

2. Board Committees

There are four Board committees, namely the Audit Committee, Remuneration and Appraisal Committee, Nomination Committee and Strategic Committee.

2.1 Audit Committee

The Audit Committee consists of five Directors, including independent non-executive Directors Mr. Wong, Yui Keung Marcellus, Mr. Yang Deren, Mr. Qin Haiyan and non-executive Directors Mr. Wang Jian and Ms. Guo Junxiang, with Mr. Wong, Yui Keung Marcellus as the chairman of the audit committee.

The Audit Committee is mainly responsible for the internal and external communication on audit, supervision and checking work of the Company, including:

1. to make suggestions to the Board for the appointment, re-appointment and change of external auditors, handle issues relating to the resignation or removal of such external auditors and make suggestions for the appointment contracts and audit fees of the relevant external auditors; to evaluate the work of external auditors, and supervise the independence, objectivity, and the effectiveness, quality and results of work procedures of external auditors;

2. to supervise the internal audit system of the Company and its implementation;

3. to guide and evaluate the work of the internal auditing department, and to make suggestions as to the appointment and removal of the head of the internal auditing department;

4. to review the financial statements of the Company and its disclosure;

5. to review and supervise the effective implementation of the financial reporting system, internal control system and risk management system of the Company;

6. to evaluate and discuss the following arrangements set by the Company: whistle blower system for employees of the Company to report on any potential misconducts regarding the financial reporting, internal control and other aspects; to ensure that the Company has put in place appropriate arrangements to carry out fair and independent investigations and follow-up actions for such issues; to serve as the major channel between the Company and the external auditors and to supervise their relationship;

7. to review and supervise the connected transactions and to evaluate the suitability of the connected transactions; and

8. other duties as conferred by the Board.

The Audit Committee did not hold any meeting during the reporting period. On 23 March 2016, the Audit Committee held a meeting to listen to the auditor's reporting on its work for financial audit of the Company in 2015, reviewed the Company's annual final financial report, annual results announcement, annual report for the year ended 31 December 2015, the report of internal control for 2015, re-appointment auditor for 2016 and authorization of the Board and Audit Committee to fix its remuneration, the implementation of continuing ordinary connected transactions for 2015 and renewal the annual caps of the continuing ordinary connected transaction for 2016 to 2017.

2.2 Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee of the Company consists of five Directors, including independent non-executive Directors, Mr. Yang Deren, Mr. Qin Haiyan, Mr. Wong, Yui Keung Marcellus and executive Directors Mr. Zhang Jianxin and Mr. Ma Xuping, with Mr. Yang Deren as the chairman.

The main duties of the Remuneration and Appraisal Committee are to formulate the appraisal standards of Directors and managers of the Company and to conduct the appraisal, and to develop and review the remuneration policies and schemes of the Directors and managers of the Company. Details are as follows:

1. to make suggestions to the Board for the appraisal standards, general remuneration policies and structure for the Company's Directors and senior management, and for the establishment of formal and transparent procedures for the formulation of such remuneration policies, and to review the performance appraisal standards and conduct appraisal for Directors and senior management, and to provide corresponding suggestions;

2. to review and approve the proposed remuneration of the management according to corporate operating objectives, and to make suggestions to the Board for the specific remuneration packages for Directors and senior management, including performance-based remuneration schemes. The Remuneration and Appraisal Committee shall consider factors including the remuneration paid by comparable companies, time commitments and duties of the Directors, employment conditions of other positions of the Company, and whether the remuneration shall be based on the results performance; to make recommendations to the Board on or determine, based on the authorization, the remuneration packages of individual executive Directors and senior management, which include non-monetary benefits, pensions and compensation payments (including any compensation for the loss or termination of their office or appointment);

3. to appraise the work performance of Directors and senior management based on the appraisal scheme, and to decide on their remuneration, incentive and punishment;

4. to make suggestions to the Board for the remuneration package of individual executive Directors and senior management, including non-monetary benefits, pensions and compensation payments (including any compensation for the loss or termination of their office or appointment);

5. to make suggestions to the Board for the remuneration of non-executive Directors;

6. to make suggestions to the Board for the relevant compensation paid to executive Directors and senior management for their loss or termination of office or appointment, and the compensation arrangements regarding the removal or dismissal of Directors due to misconduct (and to ensure the arrangements conform to the terms of services contracts between such Directors and the Company, or that otherwise the compensation shall be reasonable and appropriate);

7. to ensure none of the Directors shall participate in determining his own remuneration;

8. to be responsible for monitoring and supervising the implementation of the Company's remuneration system; and

9. other duties as conferred by the Board.

There is no meeting held by the Remuneration and Appraisal Committee during the reporting period. The Remuneration and Appraisal Committee has convened a meeting on 23 March 2016 to review matters on the explanations of remuneration of Directors and senior management and remuneration plan for the Directors and Supervisors in 2016.

2.3 Nomination Committee

The Nomination Committee consists of five Directors, including independent non-executive Directors Mr. Qin Haiyan, Mr. Yang Deren, Mr. Wong, Yui Keung Marcellus, executive Director Mr. Yin Bo and non-executive Director Mr. Zhang Xin, with Mr. Qin Haiyan as the chairman.

The main duties of the Nomination Committee are to select the candidates of, as well as the selection criteria and procedures for selecting, Directors and management officers of the Company, and make suggestions therefor. Details are as follows:

1. to review the selection criteria and procedures of Directors and senior management and make suggestions therefor to the Board;

2. to review the structure, size and composition (including the skills, knowledge and experience of Directors) of the Board at least once a year, and make suggestions in respect of any changes to the Board due to the change of corporate strategies of the Company; and the Nomination Committee shall formulate the Board diversity policy;

3. to identify potential candidates from talent markets within and outside China and within the Company;

4. to make suggestions to the Board regarding the candidates of Directors and senior management, to examine the qualifications of candidates for the role of Directors and senior management, and to make suggestions to the Board in respect of the appointment or re-appointment of Directors and the succession plans of Directors, particularly the chairman of the Board and president;

5. to evaluate the independence of independent non-executive Directors; and

6. other duties as conferred by the Board.

The Nomination Committee considered that the composition of members of the Board of the Company was in compliance with the requirement of the “Board Diversity Policy” during the reporting period.

There is no meeting held by the Nomination Committee during the reporting period. The Nomination Committee has convened a meeting on 2 March 2016 to review the qualification of candidate to be appointed as general manager; the Nomination Committee has convened a meeting on 23 March 2016 to review the structure, size and composition of the Board of Directors of the Company, independence of the independent non-executive Directors.

2.4 Strategic Committee

The Strategic Committee consists of five Directors, including executive Director Mr. Zhang Jianxin, independent non-executive Directors Mr. Yang Deren and Mr. Qin Haiyan, executive Director Mr. Ma Xuping and non-executive Director Mr. Zhang Xin, with Mr. Zhang Jianxin as the chairman.

The main duties of the Strategic Committee are to review the Company's long-term development strategy and major investment decisions and propose suggestion therefor. Details are as follows:

1. to review the Company's long-term development strategic plans and propose suggestion;

2. to review major investment financing programs which requires the approval of the Board as stated in the Articles of Association and propose suggestion;

3. to review major capital operation and assets management projects which requires the approval of the Board as stated in the Articles of Association and propose suggestion;

4. to review other important matters affecting the Company's development and propose suggestion;

5. to check the implementation of the above matters; and

6. other duties as conferred by the Board.

There is no any meetings held by the Strategic Committee during the report period.

3. Board Independence

Each of the independent non-executive Directors of the Company meets the independence guidelines set out in Rule 3.13 of the Listing Rules and has provided to the Company the requisite annual confirmation as to his independence. None of the independent non-executive Directors of the Company has any business with or significant financial interests in the Company or its subsidiaries and therefore all the independent non-executive Directors continue to be considered by the Company to be independent.

4. Directors' responsibility for the Consolidated Financial Statements

The Board acknowledges its responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2015.

The Board is responsible for presenting a clear and specific assessment of annual and interim reports, sensative information of share price and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment and approval, as appropriate, of the financial information and position of the Group.

There are no material uncertainties relating to events or conditions that may have a severe impact on the Company's ability to continue as a going concern.

In addition, the Company has arranged appropriate insurance cover in respect of possible legal actions and liabilities against the Directors.

5. Compliance with the Code for Securities Transactions

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct governing dealings by its Directors and Supervisors in the securities of the Company. Having made specific enquiry of the Directors and Supervisors of the Company, all Directors and Supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during the period from the Listing Date to the date of this report. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which are on no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

The Board will examine the corporate governance practices and operation of the Company from time to time so as to ensure compliance with relevant requirements under the Listing Rules and to protect Shareholders' interests.

6. Internal Control System

During the reporting period, in order to fulfill the relevant regulatory requirements of the Company is listed in Hong Kong and strengthen the internal control management of the Company, the Company has established a range of internal control management systems, including documents such as documents including System for Information Disclosure, System for Connected Transaction, Capital Management System, System for Procurement, System for Budget, Internal Audit System, and Risks Management System, thus establishing the internal control system.

The Directors have reviewed the effectiveness of the internal control systems of the Company and its subsidiaries according to code provision C.2.1 of the Corporate Governance Code and Corporate, Governance Report. The review covered financial control, operation control and compliance control and risk management function control.

The Board of Directors conducted a review for financial monitoring, operation monitoring, compliance monitoring and risk management and other internal control systems of the Company and its subsidiaries during the reporting period. The total assets of the main entities under such review accounted for 98.82% of the aggregate assets in the consolidated financial statements, and the total operating revenue accounted for 98.55% of the aggregate revenue in the consolidated financial statements. In addition, the Company carried out assessment on operating revenue recognition, project construction contracting, logistics business, investment in fixed assets, factoring business, non-operating income and capitalization of research & development expenditure in high-risk field. The Company carried out a review work every half year and assessment work once a year, and continuously optimized the internal control system.

The board of Directors believe the risk management and monitoring system are sufficient and effective. These internal control systems are designed to manage rather than eliminate the risks of failing to achieve the business goals, and the Board can only make reasonable (not absolute) guarantee for non-material misrepresentation or loss.

7. Auditor and its Remuneration

PricewaterhouseCoopers is appointed as auditors for the Company's consolidated financial statements prepared in accordance with the International Financial Reporting Standards for the year ended 31 December 2015.

The total remuneration for the year 2015 to the Company's auditor, PricewaterhouseCoopers for audit and audit related services totalling RMB3 million. PricewaterhouseCoopers did not charge for any non-audit service assignment.

In addition, PricewaterhouseCoopers was appointed as the Company's reporting accountant for its initial public offering of Shares, in relation to which total fees paid or payable during the year ended 31 December 2015 were RMB5.9 million.

An analysis of the auditor's remunerations is set out below:

Items	Amount (RMB million)
Audit services:	
Annual audit service	3
Reporting accountant's services in relation to Listing	5.9
Non-audit serivces:	NA
Total	8.9

The Audit Committee and the Board of Directors agree to continue appointing PricewaterhouseCoopers as its auditor in 2016 and grant authority to the Audit Committee to determine their remuneration, which will be submitted to the general meeting of shareholders in 2015 for approval.

Corporate Governance Report

8. Shareholders' meetings

During the reporting period, the Company held four general meetings in total, part of the Directors, Supervisors and senior management had attended the general meetings, in which records of the Directors are as follow:

Name	Number of meetings required to be attended	Number of meetings attended
Mr. Zhang Jianxin	4	4
Mr. Ma Xuping	4	4
Mr. Yin Bo	2	2
Mr. Zhang Xin	4	4
Ms. Guo Junxiang	4	4
Mr. Wang Jian	3	2
Mr. Qin Haiyan	2	1
Mr. Yang Deren	2	1
Mr. Wong, Yui Keung Marcellus	2	1
Ms. Jia Fei (end of term)	2	2
Mr. Chen Weilin (end of term)	2	2

9. Communication Policy with Shareholders

9.1 Shareholders' rights

The Board is committed to maintaining an on-going dialogue with Shareholders and makes timely disclosure to Shareholders and investors as to the significant development of the Company. The general meetings of the Company provide a forum for communication between Shareholders and the Board. A forty-five (45) days' prior written notice for convening a general meeting shall be served to notify shareholders, whose names appear in the register of shareholders, of the matters proposed to be considered and the date and venue of the meeting. Shareholders who intend to attend the general meeting shall serve their written replies on the Company twenty (20) days prior to the date of the meeting.

Two or more than two Shareholders who jointly hold more than 10% (including 10%) of the issued and voting Shares of the Company may request the Board, in writing, to convene an extraordinary general meeting or a Shareholders' class meeting, with the matters to be considered at the meeting stated in the request. The Board shall as soon as possible after receipt of the request proceed to convene an extraordinary general meeting or a Shareholders' class meeting. The calculation of the above-mentioned shareholdings shall be based on the information as at the date of deposit of the request.

If no notice of convening a general meeting was issued within thirty (30) days after the Board of Directors receiving the abovementioned written request(s), the Shareholders making the request(s) can convene a meeting by themselves within four (4) months after the Board of Directors receiving the abovementioned written request(s), and the procedures for convening such meeting shall follow the procedures of the Shareholders' general meeting convened by the Board of Directors as much as possible.

All reasonable swexpenses incurred for such meeting convened by the shareholders as a result of the failure of the board of directors to convene a meeting as required by the above request(s) shall be borne by the Company and be set off against sums owed by the Company to the defaulting directors.

The Company holds the general meetings. Shareholder(s) individually or in aggregate holding over 3% of the Shares in the Company may propose extraordinary proposals and submit the same in writing to the convener 10 days prior to the holding of the shareholders' general meeting. The convener shall issue a supplemental notice of the shareholders' general meeting within 2 days of the receipt of the proposals and announce the contents of the extraordinary proposals.

9.2 Shareholders' enquiries and Communication

The Company publishes its announcements, financial information and other relevant information on its website at www.xtnysolar.com, as a channel to enhance effective communication. Shareholders are welcomed to make enquiries to the Company by sending the enquiries to the principal place of business of the Company in Hong Kong, or via phone, fax or email. The Company will respond to all enquiries in a timely and appropriate manner.

Information about the principal place of business in Hong Kong of the Company and investors' means of enquiries and communication is set out on pages 3 of this annual report.

The Board welcomes Shareholders' views and encourages them to attend general meetings to communicate and raise any concerns they might have with the Board or the management. The Chairman of the Board and the chairmen of the respective Board committees usually attend the annual general meeting and other general meetings to address shareholders' queries.

10. Compliance with Code on Corporate Governance

As a company listed on the main board of the Stock Exchange, the Company consistently commits to maintain high level of corporate governance. During the year ended 31 December 2015, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules since its Listing, and adopted the recommended best practices set out in the Corporate Governance Code. Details please refer to the Corporate Governance Report on page 62 to 81 to the annual report.

11. Investor Relations

11.1 Investor Relations Activities

The Company focuses on the maintenance of sound investors relations and maintains effective communication with investors through various means. The Company timely communicated its operating results and business development trends with investors from September to December in 2015 by way of roadshows, press conference and investor lunch meeting, etc. in order to strengthen communication with more than 300 investors and facilitate the understanding of the Company by investors. The Company also maintains sound communication with investors through acceptance of investors' visits, holding telephone conferences, attending major investment forums, by telephone and email, etc. and proactively provides investor relations information on the Company's website, with a view to establishing and maintaining a good relationship with investors.

11.2 Information Disclosure

The Company devote to ensure a timely and fairly disclosure of comprehensive and accurate information to investors. In 2015, the Company published 13 pieces of information on the Stock Exchange, including the results of issuance and allotment and the execution of the Strategy Cooperation Frame Agreement, etc.

12. Company Secretary

Ms. Zhang Juan ("**Ms. Zhang**"), the joint company secretary of our Company, is responsible for advising the Board regarding corporate governance issues, and ensures to comply with the policies and procedures of the Board, applicable laws, rules and regulations. In order to maintain good corporate governance and make sure to comply with the Listing Rules and applicable laws of Hong Kong, the Company also appointed Ms. Ng Wing Shan ("Ms. Ng"), as assistant vice president of SW Corporate Services Group Limited (the provider of company secretarial services), as the joint company secretary of our Company, who will assist Ms. Zhang in performing her duties as the company secretary of our Company. Ms. Zhang is the primary contact of Ms. Ng.

During the reporting period, in order to better perform their duties and according to the requirements of the Listing Rules, Ms. Zhang and Ms. Ng, the joint company secretary of the Company had accepted professional training for over 15 hours in total.

13. Human Resources

13.1 Description of Human Resources

As of 31 December 2015, there are 4,258 employees in total in the Group, and their professional and educational background are as follow:

Items	Categories	Number of people	Percentage to the total number of people
Profession	Operating management	725	16.92%
	Technology	864	20.16%
	Production	1,548	36.13%
	Engineering management	458	10.69%
	Marketing	525	12.25%
	Office Support	165	3.85%
	Total	4,285	100.00%
Education	Postgraduate and above	366	8.54%
	Undergraduate	1,966	45.88%
	Associate degree	1,953	45.58%
	Total	4,285	100.00%

13.2 Incentives for Employees

The Group, according to the requirement of development, further established and improved the overall responsibility management and staff performance assessment system on the basis of clear objectives of each post. The employees' performance is objectively and accurately assessed by breaking down the key tasks specified in the development plan of the Group to each layer of various posts, clarifying performance objective of different roles and setting performance standards. The assessment results are quantized to form the scores and are linked to the employees' performance-based salary to encourage the potential innovation and working passion of employees, which fully demonstrated the combination of incentive and restraint and laid a solid foundation for orderly career development of employees.

The Company currently executed three categories of incentives, including: compensation incentive (market-based compensation standards, commission incentive and long-term incentive), work incentive (involved in operating decisions, work authorization, etc.) and promotion incentive (improvement of educational background and job promotion, etc.), and clearly regulated the principle of realization of incentives.

13.3 Employees' Training

The Company always believed that the training is the best welfare for staff, and our training system was further improved and our capability of professional training was further enhanced in 2015. The Company adopted several forms of training including mentor coaching, experts instruction, industry benchmarking, monthly brainstorming and work shift, which helped to convert the theoretical knowledge to production results.

In 2015, the trainings of our Group mainly covered a total of 12 categories, including operation and management, professional skills, production skills and etc. The number of employees participated in the trainings reached 5,000 throughout the year and the staff training rate reached 82%.

13.4 Employees' remuneration policy

The employees' remuneration comprises of basic salary and performance-based salary, and the performance-based salary is determined based on the performance assessment results of the employees of our Group.

In order to further exert incentive function of the performance-based salary, the Company comprehensively coordinated and adjusted the salary structure, performance appraisal indicators and proportion, and enhanced the application of performance results in the aspects of staff salary adjustment, training, promotion, optimization and etc,. The compensation system is designed to encourage the employees with outstanding performance, achieve the combination of personal skills improvement and salary income growth, break equalitarianism and open the way to promotion based on the improvement of professional skills, so as to match income growth of the employees with operational effectiveness of the enterprise, achieve the objectives of sharing the business development with employees and proactively establish a challenging compensation incentive system.

14. Inside Information

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is aware of its obligations under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately after such information comes to our attention and/or it is the subject of a decision unless it falls within the Safe Harbours set out in the SFO;

- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" and "Recent Economic Developments and the Disclosure Obligations of Listed Issuers" issued by the Securities and Futures Commission in June 2012 and the Stock Exchange in 2008 respectively; and

- has established and implemented procedures for responding to external enquiries about the Group's affairs. Senior management of the Company is identified and authorized to act as the Company's spokesperson and responds to enquiries in allocated areas of issues.

15. Board Diversification Policy

Believing the diversification of the composition of the Board would be helpful in enhancing the Company's performance, which stipulates that the diversification of the composition of the Board takes account of a variety of aspects when determining the composition of the Board, including but not limited to age, culture and education background, professional experience, skill and knowledge. The Board made all the appointments based on talents and had considered the benefits, which would bring about by diversifying the composition of the Board under the objective conditions, when selecting the candidates. The Board will select its members based on an array of diversification standards, including but not limited to age, culture and education background, professional experience, skill and knowledge.

The Nomination Committee will disclose the composition of the Board in the Corporate Governance Report every year and will oversee the enforcement of the Policy. The Nomination Committee will review the Policy when appropriate to ensure its effectiveness. It will also discuss and propose any necessary revisions to the Board for approval.

Independent Auditor's Report

To the shareholders of Xinte Energy Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Xinte Energy Co., Ltd. (the "Company") and its subsidiaries set out on pages 84 to 168, which comprise the consolidated balance sheet as at 31 December 2015, and 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 a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Other Matters

This report, including the opinion, has been prepared for and only for 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 March 2016

Consolidated Balance Sheet

As of 31 December 2015

	Note	As of 31 December 2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**9,831,693**	8,389,895
Land use rights	7	**503,946**	323,254
Intangible assets	8	**54,431**	58,539
Investments accounted for using the equity method	10	**102,640**	49,079
Available-for-sale financial assets	3.3	**1,000**	1,000
Deferred income tax assets	11	**82,644**	41,460
Other non-current assets	15	**351,864**	118,607
Total non-current assets		**10,928,218**	8,981,834
Current assets			
Inventories	12	**4,383,438**	2,873,584
Amounts due from customers for contract work	13	**1,342,701**	693,443
Other current assets	15	**292,664**	490,070
Trade and notes receivable	14	**3,036,457**	2,992,694
Prepayments and other receivables	16	**1,097,419**	916,949
Restricted cash	17	**1,285,993**	852,065
Cash and cash equivalents	17	**2,862,403**	962,688
Total current assets		**14,301,075**	9,781,493
Total assets		**25,229,293**	18,763,327

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As of 31 December 2015

		As of 31 December	
		2015	2014
	Note	**RMB'000**	RMB'000
EQUITY			
Equity attribute to owners of the Company			
Share capital	18	**1,024,228**	673,050
Share premium	18	**4,902,097**	2,827,336
Other reserves	19	**295,378**	240,856
Retained earnings		**1,182,991**	606,559
		7,404,694	4,347,801
Non-controlling interests	9	**46,242**	39,447
Total equity		**7,450,936**	4,387,248
LIABILITIES			
Non-current liabilities			
Borrowings	21	**3,326,500**	3,679,327
Deferred government grants	22	**353,666**	372,567
Total non-current liabilities		**3,680,166**	4,051,894
Current liabilities			
Trade and notes payable	23	**7,667,365**	4,426,951
Provisions and other payables	24	**1,625,719**	1,566,428
Amounts due to customers for contract work	13	**257,551**	139,264
Current income tax liabilities		**45,928**	40,844
Borrowings	21	**4,501,628**	4,150,698
Total current liabilities		**14,098,191**	10,324,185
Total liabilities		**17,778,357**	14,376,079
Total equity and liabilities		**25,229,293**	18,763,327

The accompanying notes are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on 24 March 2016 and were signed on its behalf.

Chairman

Executive Director

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Revenue	5	**9,440,899**	7,402,520
Cost of sales	25	**(7,837,326)**	(5,974,019)
Gross profit		**1,603,573**	1,428,501
Selling and marketing expenses	25	**(266,014)**	(188,966)
General and administrative expenses	25	**(566,184)**	(371,729)
Other income	26	**189,074**	138,499
Other gains — net	27	**6,326**	17,533
Operating profit		**966,775**	1,023,838
Interest income	29	**32,931**	24,517
Finance expenses	29	**(294,687)**	(388,956)
Financial expenses — net		**(261,756)**	(364,439)
Share of profit of investments accounted for using the equity method		**3,198**	2,106
Profit before income tax		**708,217**	661,505
Income tax expense	30	**(89,073)**	(8,144)
Profit for the year		**619,144**	653,361
Profit for the year attributable to:			
Owners of the Company		**611,817**	574,833
Non-controlling interests		**7,327**	78,528
		619,144	653,361
Other comprehensive income/(loss):			
Items that may be reclassified to profit and loss			
Currency translation differences		**555**	(292)
Total comprehensive income for the year		**619,699**	653,069
Total comprehensive income for the year attributable to:			
Owners of the Company		**612,372**	574,541
Non-controlling interests		**7,327**	78,528
		619,699	653,069
Earnings per share for profit attribute to owners of the Company			
Basic earnings per share (RMB)	31	**0.76**	1.00
Diluted earnings per share (RMB)	31	**0.76**	1.00

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

As of 31 December 2015

	Attributable to owners of the Company						
	Share capital RMB'000 (Note 18)	Share premium RMB'000 (Note 18)	Other reserves RMB'000 (Note 19)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014	568,000	2,294,705	134,353	77,140	3,074,198	34,490	3,108,688
Comprehensive income							
Profit for the year	–	–	–	574,833	574,833	78,528	653,361
Currency translation differences	–	–	(292)	–	(292)	–	(292)
Total comprehensive income	–	–	(292)	574,833	574,541	78,528	653,069
Transactions with owners							
Capital contributions	105,050	532,631	–	–	637,681	–	637,681
Share-based payments:							
— fair value of employee services (Note 19(b))	–	–	6,125	–	6,125	–	6,125
Transactions with non-controlling interests (Note 20)	–	–	55,256	–	55,256	(72,933)	(17,677)
Appropriation of surplus reserve (Note 19(a))	–	–	45,414	(45,414)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	(638)	(638)
Total transactions with owners, recognised directly in equity	105,050	532,631	106,795	(45,414)	699,062	(73,571)	625,491
Balance at 31 December 2014	673,050	2,827,336	240,856	606,559	4,347,801	39,447	4,387,248
Comprehensive income							
Profit for the period	–	–	–	611,817	611,817	7,327	619,144
Currency translation differences	–	–	555	–	555	–	555
Total comprehensive income	–	–	555	611,817	612,372	7,327	619,699
Transactions with owners							
Capital contributions from pre-IPO investors	204,678	1,195,322	–	–	1,400,000	–	1,400,000
Issuance of H shares (Note 18)	146,500	895,832	–	–	1,042,332	–	1,042,332
Shares issue costs (Note 18)	–	(16,393)	–	–	(16,393)	–	(16,393)
Appropriation of surplus reserve (Note 19(a))	–	–	35,385	(35,385)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	(335)	(335)
Transaction with non-controlling interests (Note 20)	–	–	197	–	197	(197)	–
Share-based payments:							
— fair value of employee services (Note 19(b))	–	–	18,385	–	18,385	–	18,385
Total transactions with owners, recognised directly in equity	351,178	2,074,761	53,967	(35,385)	2,444,521	(532)	2,443,989
Balance at 31 December 2015	1,024,228	4,902,097	295,378	1,182,991	7,404,694	46,242	7,450,936

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Cash generated from operations	33(a)	**2,988,602**	93,808
Income tax paid		**(90,163)**	(43,783)
Net cash generated from operating activities		**2,898,439**	50,025
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,309,115)**	(432,400)
Purchase of intangible assets		**(12,295)**	(3,726)
Purchase of land use rights		**(188,994)**	(67,731)
Proceeds from disposal of property, plant and equipment	33(b)	**4,264**	15,381
Addition in investments accounted for using the equity method		**(55,620)**	(36,526)
Proceeds from disposal of investments accounted for using the equity method	10(d)	**—**	90,400
Government grants received		**21,861**	106,084
Changes in restricted cash	17	**(433,928)**	(128,549)
Net cash used in investing activities		**(2,973,827)**	(457,067)
Cash flows from financing activities			
Proceeds from issuance of shares upon IPO	18(c)	**1,042,332**	—
Listing expenses		**(15,560)**	—
Repayments of borrowings		**(6,346,170)**	(4,419,404)
Proceeds from borrowings		**6,333,389**	4,525,328
Interest paid		**(439,274)**	(443,141)
Capital contributions from parent company and other investors		**1,400,000**	620,004
Dividends paid to non-controlling interests		**—**	(638)
Net cash generated from financing activities		**1,974,717**	282,149
Net increase/(decrease) in cash and cash equivalents		**1,899,329**	(124,893)
Cash and cash equivalents at beginning of the year	17	**962,688**	1,087,687
Exchange gain/(losses) on cash and cash equivalents		**386**	(106)
Cash and cash equivalents at end of the year		**2,862,403**	962,688

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1 General information

Xinte Energy Co., Ltd. (新特能源股份有限公司) (the "**Company**") was established in the People's Republic of China (the "**PRC**") on 20 February 2008 as a limited liability company. On 16 October 2012, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The address of the Company's registered office is No. 2499, Mianguangdong Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), High-tech Industrial Development Zone (New Downtown), Urumqi, Xinjiang Uygur Autonomous Region, the PRC.

The Company's parent company and ultimate holding company is TBEA Co., Ltd. (特变电工股份有限公司) ("**TBEA**"), a joint stock company with limited liability incorporated in the PRC.

The Company and its subsidiaries (the "**Group**") are principally engaged in polysilicon production and rendering of engineering and construction contracting ("**ECC**") service for solar and wind power plants and systems in the PRC.

On 30 December 2015, the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") ("**IPO**").

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS**").

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are stated at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment 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 2015

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015.

Amendments from annual improvements to IFRS-2010–2012 Cycle, on IFRS 8, 'Operating segments', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' and IAS 24, 'Related party disclosures'.

Amendments from annual improvements to IFRS-2011–2013 Cycle, on IFRS 3, 'Business combination' and IFRS 13, 'Fair value measurement'.

The adoption of the improvements did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported.

(b) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements, except those as set out below:

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(c) New standards and interpretations not yet adopted (continued)

IFRS 15, “Revenue from Contracts with Customers”, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The standards replace IAS 18 “Revenue” and IAS 11 “Construction contracts” and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

IFRS 9, “Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(c) New standards and interpretations not yet adopted (continued)

Amendments to IAS 16 and IAS 38 on clarification of acceptable methods of depreciation and amortisation, the amendments clarify when a method of depreciation or amortisation based on revenue may be appropriate. The amendment to IAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate. The amendment to IAS 38 establishes a rebuttable presumption that amortisation of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances. The amendments are effective for accounting periods beginning on or after 1 January 2016 with earlier application permitted.

Amendments to IFRS 10 and IAS 28 on sale or contribution of assets between an investor and its associate or joint venture address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The effective date has been deferred. Earlier application continues to be permitted.

The Group is in the process of an assessment of the related impact of the above revised standards, amendments and interpretations to the Group's financial statements upon adoption of them at their respective effective dates.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity over which the Group has control. The Group controls an entity when 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 over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) *Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

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 re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is 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.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.2 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.

2.3 Associate

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.3 Associate (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer, deputy general managers and directors of the Company who makes strategic decisions.

2.5 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 primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Chinese Renminbi ("**RMB**"), which is the Company's functional and the Group's presentation currency.

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation (continued)

(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 profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within "Finance expenses — net". All other foreign exchange gains and losses are presented in the profit or loss within "Other gains — net".

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are 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 amount of the replaced part is derecognised. All other repairs and maintenance are charged in the profit or loss during the financial period in which they are incurred.

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

	Estimated useful lives
Buildings	20–40 years
Machinery and equipment	5–20 years
Vehicles	5–10 years
Furniture and fixtures	5–10 years

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains — net" in the consolidated statement of comprehensive income.

2.7 Land use rights

Land use rights represent upfront prepayments made for the land use rights and are expensed in the profit or loss on a straight-line basis over the periods of the leases or when there is impairment, the impairment is expensed in the profit or loss.

2.8 Intangible assets

(a) Patent and proprietary technologies

Patent and proprietary technologies are initially recorded at cost and are amortised on a straight-line basis over the shorter of their useful lives or licence terms.

(b) Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2 to 5 years.

2 Summary of significant accounting policies (continued)

2.9 Research and development

Research expenditures is recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are fulfilled:

(i) It is technically feasible to complete the intangible asset so that it will be available for use or sale;

(ii) Management intends to complete the intangible asset and use or sell it;

(iii) There is an ability to use or sell the intangible asset;

(iv) It can be demonstrated how the intangible asset will generate probable future economic benefits;

(v) Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

(vi) The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as expenses when incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period.

2.10 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that their 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 of disposal 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 an impairment is reviewed for possible reversal of the impairment at each reporting date.

2 Summary of significant accounting policies (continued)

2.10 Impairment of non-financial assets (continued)

Provision for impairment of inventory is usually determined by the excess of cost over net realisable value on single item basis and recorded in the statement of comprehensive income. Net realisable value are determined based on the estimated selling price less estimated conversion costs, selling expenses and related taxes in the ordinary course of business. Provision for or reversal of impairment of inventory is recognised in the consolidated statement of comprehensive income.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise: "trade and notes receivable", "other receivables", "restricted cash", and "cash and cash equivalents" in the balance sheet.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2 Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

2.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of comprehensive income. Dividend on available-for-sale equity instruments are recognised in the consolidated statements of comprehensive income as part of other income when the Group's right to receive payments is established.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.13 Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated income statement.

2 Summary of significant accounting policies (continued)

2.14 Inventories

Inventories comprise raw materials, work in progress including power plant under development (Note 2.24(c)), finished goods and spared parts. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the moving average method except for construction of power plant which is stated at accumulated construction cost. 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). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Trade and other receivables

Trade receivables are amounts due from customers for merchandise 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.

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 Summary of significant accounting policies (continued)

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). 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.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has a contractual or an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.20 Borrowing costs

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.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

2 Summary of significant accounting policies (continued)

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the 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 balance sheet date in the countries where the Company's subsidiaries and joint ventures 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.21 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, 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. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint ventures 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 income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Employee benefits

(a) Pension and social obligations

The Group companies operate various defined contribution plan in accordance with the local conditions and practices in which they operate. Defined contribution plans are pensions and other social benefit plans under which the Group pay 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 contributions are recognised as labour costs when they are due.

2 Summary of significant accounting policies (continued)

2.22 Employee benefits (continued)

(b) Housing benefits

The Group contributes to the state-prescribed housing fund. Such costs are charged to consolidated statement of comprehensive income as incurred. Apart from this, the Group do not have other legal or constructive obligations over such benefits.

(c) Employee 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 balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(d) Share-based compensation

The Group operates a restricted share incentive plan, under which the entity receives services from employees as consideration for equity instruments of the parent of the Company. The fair value of the employee services received in exchange for the grant of the restricted shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the restricted shares granted:

- including any market performance conditions (for example, an entity's share price);
- 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); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.22 Employee benefits (continued)

(d) Share-based compensation (continued)

At the end of each reporting period, the Group revises its estimates of the number of restricted shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income with a corresponding adjustment to equity.

The grant by the parent of the Company of restricted shares over its equity instruments to the employees of entities in the Group is treated as a capital contribution by the parent. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as employee benefit expenses, with a corresponding credit to equity.

2.23 Provisions

Provisions for product and service warranty are recognised when: the Group has a present contractual 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.

2 Summary of significant accounting policies (continued)

2.23 Provisions (continued)

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.

2.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for sale of goods, construction contracts and rendering of services, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specific of each arrangement.

(a) Rendering of ECC services under construction contracts

A construction contract is defined by International Accounting Standard ("**IAS**") 11 as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2 Summary of significant accounting policies (continued)

2.24 Revenue recognition (continued)

(a) Rendering of ECC services under construction contracts (continued)

The Group uses the "percentage-of-completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case. The respective balance items are "Amounts due from customers for contract work" and "Amounts due to customers for contract work".

(b) Rendering of other services

The Group also provides technology development, design, consultation and supervision services to power plant owners/operators and other manufacturers. The services revenue is recognised in the accounting period in which the services are rendered, by reference to state of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided.

(c) Sales of power plant projects

Under the Group's normal operation of the Group's ECC, it establishes various subsidiaries as the owner of power plant projects to be disposed during or upon completion of the relevant construction ("**project companies**"). Before a buyer is identified, all construction costs in progress pertaining to these projects are recognised as inventories in the consolidated balance sheet. These projects will be sold to third-party customers at different stages by way of transferring the equity interests in these subsidiaries. These subsidiaries have no other commercial operation other than the holding of the relevant projects. In the opinion of the directors of the Company, the disposal of equity interests in these project companies is in substance the sales of inventories held by the Group.

2 Summary of significant accounting policies (continued)

2.24 Revenue recognition (continued)

(c) Sales of power plant projects (continued)

Sales of power plant projects are recognised when the risks and rewards of the power plant projects are transferred to the customers, which occur when the relevant power plant projects have been delivered to the purchasers pursuant to the sales agreements.

(d) Sales of other goods

The Group manufactures and sells polysilicon and related products, as well as produces and sells electricity. Sales of goods are recognised when significant risks and rewards of ownership of the goods are transferred to the customers, and the customer has accepted the projects and collectability of the related receivables is reasonably assured.

(e) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.25 Leases — operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), are charged to the profit or loss on a straight-line basis over the period of the lease.

2 Summary of significant accounting policies (continued)

2.26 Government grants

Grants from the government are recognised at their fair value 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 comprehensive income 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 included in non-current liabilities as deferred government grants and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk and cash flow 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. The Group does not use derivative financial instruments to hedge these risk exposures.

Risk management is carried out by the Company's finance department under the policies and directions approved by its Board of Directors. The Company's finance department identifies, evaluates and manages financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group's operations are substantially located in the PRC and transacted at RMB. At 31 December 2015, if RMB had weakened/strengthened by 1% against the USD with all other variables held constant, profit before tax for the year ended 31 December 2015 would have been RMB361,000 lower/higher (2014: RMB1,912,000 lower/higher); if RMB had weakened/strengthened by 1% against the HKD with all other variables held constant, profit before tax for the year ended 31 December 2015 would have been RMB 10,423,000 higher/lower (2014: Nil).

(ii) Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings. All borrowings obtained are at variable rates and expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing.

At 31 December 2015, if interest rates on the Group's long-term borrowings at that dates had been 50 basis points higher/lower with all other variables held constant, profit before tax for the year ended 31 December 2015 would have been RMB16,600,000 lower/higher (2014: RMB18,400,000 lower/higher).

(b) Credit risk

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions (including restricted cash), as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group assesses the credit quality of its customers by taking into account various factors including their financial position, past experience and other factors. Management does not expect any losses from non-performance by these counterparties except for those recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

The liquidity risk of the Group is mainly controlled by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	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
As of 31 December 2015					
Borrowings	4,841,609	944,902	2,324,420	607,058	8,717,989
Trade payables (Note 23)	3,385,869	—	—	—	3,385,869
Notes payables (Note 23)	4,281,496	—	—	—	4,281,496
Other payables	754,091	—	—	—	754,091
	13,263,065	944,902	2,324,420	607,058	17,139,445
As of 31 December 2014					
Borrowings	4,514,282	870,316	2,459,064	1,378,005	9,221,667
Trade payables (Note 23)	2,036,530	—	—	—	2,036,530
Notes payables (Note 23)	2,390,421	—	—	—	2,390,421
Other payables	1,006,521	—	—	—	1,006,521
	9,947,754	870,316	2,459,064	1,378,005	14,655,139

3 Financial risk management (continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to provide returns for the investors and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the debt ratio.The debt ratio is calculated as total liabilities divided by total assets as shown in the consolidated balance sheet. The Group aims to maintain the debt ratio at a reasonable level.

The debt ratio of the Group as of 31 December 2015 was 70% (31 December 2014: 77%).

3.3 Fair value estimation

Financial instruments are carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value at 31 December 2015:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Available-for-sale financial assets	—	—	1,000

As of 31 December 2015, available-for-sale financial asset represented 10% equity interest in Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司) held by TBEA Xinjiang New Energy Co., Ltd. (特變電工新疆新能源股份有限公司, "Xinjiang New Energy"), a subsidiary of the Company.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value these financial instruments include discounted cash flow analysis.

Since Urumqi Xinte Power Generation Co., Ltd. has not commenced any major operations as of 31 December 2015, the level 3 fair value of this investment approximated the value of the cash contribution made.

4 Critical accounting estimates and judgements

Estimates and judgments 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. 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) Revenue from construction contracts

Revenue from individual contract is recognised under the percentage of completion method, which requires estimations, by management. Anticipated losses are fully provided on contracts when identified. Because of the nature of the activity undertaken in construction and engineering businesses, the date at which the contract is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

(b) Income taxes and deferred tax

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will be reflected in the income tax expense and deferred tax provisions in the period in which such determination is made. In addition, the realisation of future income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and tax loss carry-forwards. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of future income tax assets and liabilities that could have a significant effect on the income tax expenses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4 Critical accounting estimates and judgements (continued)

(c) Impairment of non-financial assets

At each balance sheet date, the Group considers both internal and external sources of information to assess whether there is any indication that assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised to reduce the carrying amount of the asset to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Management estimates value in use based on the estimated discounted future cash flows of the cash generating unit at the lowest level to which the asset belongs. Management uses a series of assumptions and estimations to determine the recoverable amount, including useful life of the asset, future market anticipation, future revenue, gross margin rate and discount rate, etc.

(d) Useful lives and residual values of property, plant and equipment

The Group's management determines the residual values, useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where residual values or useful lives are less than previously estimated, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

5 Segment information

The CODM have been identified as the chief executive officer, deputy general manager and directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments on the basis of these reports. As the Group's operations are primarily located in the PRC, the CODM considers the business from a product and service perspective. Management separately considers polysilicon production,ECC, inverter manufacturing, sales of electricity, PV wafer and module manufacturing and build-own-operate of power plants ("**BOO**") as reportable operating segments. Others segment mainly comprises of businesses including trading design services and logistics services.

5 Segment information (continued)

The CODM assesses the performance of the operating segments based on revenue and gross profit margin. Sales and other transactions between segments are carried out based on terms and conditions mutually agreed between the relevant parties. The CODM evaluate the performance of the reportable segments based on gross profit margin. The measurement of segment revenue and results reported to the CODM are in a manner consistent with that in the statement of comprehensive income. The amounts provided to the CODM with respect to total assets are measured in a manner consistent with that of the balance sheet. These assets are allocated based on the operations of the segment.

The segment results for the year ended 31 December 2015 are as follows:

	Polysilicon production RMB'000	ECC RMB'000	Inverter manufacturing RMB'000	Sales of electricity RMB'000	PV wafer and module manufacturing RMB'000	BOO RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
For the year ended 31 December 2015:									
Segment revenue and results									
Total segment revenue	2,150,329	6,232,993	608,189	759,688	297,039	–	357,067	(964,406)	9,440,899
Inter-segment revenue	(13,158)	(274,798)	–	(384,052)	(52,764)	–	(239,634)	964,406	–
Revenue from external customers	2,137,171	5,958,195	608,189	375,636	244,275	–	117,433	–	9,440,899
Segment results	687,434	805,177	137,696	88,475	(139,095)	–	23,886	–	1,603,573
Other segment items									
Amortisation	14,934	2,664	1,975	–	830	–	1,556	–	21,959
Depreciation	348,701	6,041	4,971	101,999	40,441	–	2,627	–	504,780
Provisions of impairment:									
– trade and other receivables	1,821	8,781	7,979	753	(631)	–	806	–	19,509
– property, plant and equipment (Note 6)	–	–	–	–	97,300	–	–	–	97,300
– intangible assets (Note 8)	–	2,746	–	–	–	–	–	–	2,746
– inventory	–	–	–	–	35,116	–	–	–	35,116
– construction contracts	–	108	–	–	–	–	–	–	108
Share of profit of investments accounted for using the equity method	–	3,198	–	–	–	–	–	–	3,198

For the year ended 31 December 2015, the BOO segment has not commenced operation. The CODM are in the opinion that it needs to be separately disclosed as the segment assets are material to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

5 Segment information (continued)

	Polysilicon production RMB'000	ECC RMB'000	Inverter manufacturing RMB'000	Sales of electricity RMB'000	PV wafer and module manufacturing RMB'000	BOO RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
For the year ended 31 December 2014:									
Segment revenue and results									
Total segment revenue	2,056,533	4,342,946	431,455	711,509	311,111	–	265,982	(717,016)	7,402,520
Inter-segment revenue	(7,435)	(199,212)	–	(314,438)	(37,547)	–	(158,384)	717,016	–
Revenue from external customers	2,049,098	4,143,734	431,455	397,071	273,564	–	107,598	–	7,402,520
Segment results	838,895	478,765	86,595	59,015	(51,106)	–	16,337	–	1,428,501
Other segment items									
Amortisation	15,170	1,804	1,973	–	896	–	55	–	19,898
Depreciation	398,080	5,168	4,416	61,070	42,345	–	120	–	511,199
Provisions of impairment:									
– trade and other receivables	27,406	21,999	1,593	(721)	2,252	–	2,032	–	54,561
– property, plant and equipment (Note 6)	–	–	–	–	16,314	–	–	–	16,314
– inventory	–	–	–	–	4,881	–	–	–	4,881
– construction contracts	–	2,499	–	–	–	–	–	–	2,499
Share of profit of investments accounted for using the equity method	–	2,106	–	–	–	–	–	–	2,106

5 Segment information (continued)

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Polysilicon production	**687,434**	838,895
ECC	**805,177**	478,765
Inverter manufacturing	**137,696**	86,595
Sales of electricity	**88,475**	59,015
PV wafer and module manufacturing	**(139,095)**	(51,106)
Others	**23,886**	16,337
Total gross profit for reportable segments	**1,603,573**	1,428,501
Selling and marketing expenses	**(266,014)**	(188,966)
General and administrative expenses	**(566,184)**	(371,729)
Other income	**189,074**	138,499
Other gains — net	**6,326**	17,533
Finance expenses — net	**(261,756)**	(364,439)
Share of profit of investments accounted for using the equity method	**3,198**	2,106
Profit before income tax	**708,217**	661,505
Income tax expense	**(89,073)**	(8,144)
Profit for the year	**619,144**	653,361

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

5 Segment information (continued)

The segment assets as of 31 December 2015 are as follows:

	Polysilicon production RMB'000	ECC RMB'000	Inverter manufacturing RMB'000	Sales of electricity RMB'000	PV wafer and module manufacturing RMB'000	BOO RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
As of 31 December 2015									
Segment assets	9,786,264	11,609,998	964,877	2,396,187	584,007	3,596,431	600,248	(4,494,003)	25,044,009
Investments accounted for using the equity method	–	102,640	–	–	–	–	–	–	102,640
	9,786,264	11,712,638	964,877	2,396,187	584,007	3,596,431	600,248	(4,494,003)	25,146,649
Unallocated assets									82,644
Total assets									25,229,293
Additions to non-current assets	185,188	58,091	76,583	1,051	2,921	1,935,088	16,995	–	2,275,917
As of 31 December 2014									
Segment assets	8,773,352	7,687,056	699,268	2,246,875	646,555	3,136	345,108	(1,728,562)	18,672,788
Investments accounted for using the equity method	2,387	46,692	–	–	–	–	–	–	49,079
	8,775,739	7,733,748	699,268	2,246,875	646,555	3,136	345,108	(1,728,562)	18,721,867
Unallocated assets									41,460
Total assets									18,763,327
Additions to non-current assets	90,898	4,221	72,620	29,556	8,737	2,480	926	–	209,438

5 Segment information (continued)

Entity-wide information

Breakdown of the revenue from all goods and services is as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Provision of ECC services	**5,958,195**	4,143,734
Sales of goods	**3,365,271**	3,151,188
Provision of services other than ECC	**117,433**	107,598
	9,440,899	7,402,520

Revenue from external customers in the PRC and other countries is as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
The PRC	**8,641,159**	7,166,134
Other countries	**799,740**	236,386
	9,440,899	7,402,520

There was no single external customer contributed more than 10% of the total revenue for the years ended 31 December 2014 and 2015.

At 31 December 2014 and 2015, all the Group's non-current assets, other than deferred income tax assets are primarily located in the PRC.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6 Property, plant and equipment

	Buildings RMB'000	Machinery and equipment RMB'000	Vehicles RMB'000	Furniture and fixtures RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2014						
Opening net book value	2,482,171	6,249,102	25,418	18,672	21,176	8,796,539
Additions	—	24,623	8,225	6,030	108,425	147,303
Transfers	9,143	51,361	—	2,421	(62,925)	—
Disposals	(470)	(8,969)	(3,835)	(1,097)	—	(14,371)
Depreciation charge	(67,881)	(448,454)	(2,135)	(4,792)	—	(523,262)
Impairment provisions	—	(16,309)	—	(5)	—	(16,314)
Closing net book value	2,422,963	5,851,354	27,673	21,229	66,676	8,389,895
As of 31 December 2014						
Cost	2,617,648	6,844,778	37,972	32,773	66,676	9,599,847
Accumulated depreciation	(194,685)	(907,724)	(10,255)	(11,539)	—	(1,124,203)
Accumulated impairment provisions	—	(85,700)	(44)	(5)	—	(85,749)
Net book value	2,422,963	5,851,354	27,673	21,229	66,676	8,389,895
Year ended 31 December 2015						
Opening net book value	**2,422,963**	**5,851,354**	**27,673**	**21,229**	**66,676**	**8,389,895**
Additions	**100,438**	**46,287**	**9,960**	**3,528**	**1,914,415**	**2,074,628**
Transfers	**56,176**	**57,933**	**—**	**2,240**	**(116,349)**	**—**
Disposals	**(4)**	**(2,157)**	**(1,363)**	**(21)**	**—**	**(3,545)**
Depreciation charge	**(79,757)**	**(442,178)**	**(4,178)**	**(5,872)**	**—**	**(531,985)**
Impairment provisions	**—**	**(96,819)**	**(59)**	**(422)**	**—**	**(97,300)**
Closing net book value	**2,499,816**	**5,414,420**	**32,033**	**20,682**	**1,864,742**	**9,831,693**
As of 31 December 2015						
Cost	**2,774,258**	**6,946,841**	**46,569**	**38,520**	**1,864,742**	**11,670,930**
Accumulated depreciation	**(274,442)**	**(1,349,902)**	**(14,433)**	**(17,411)**	**—**	**(1,656,188)**
Accumulated impairment provisions	**—**	**(182,519)**	**(103)**	**(427)**	**—**	**(183,049)**
Net book value	**2,499,816**	**5,414,420**	**32,033**	**20,682**	**1,864,742**	**9,831,693**

6 Property, plant and equipment (continued)

The depreciation expense has been charged into accounts as below:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cost of sales	**452,459**	471,248
Selling and marketing expenses	**724**	1,147
General and administrative expenses	**51,597**	38,804
Capitalised in inventories	**27,205**	12,063
	531,985	523,262

For the year ended 31 December 2015, interest expenses of RMB43,201,000 (2014: RMB4,881,000) has been capitalised in property, plant and equipment at average interest rate of 5.15%(2014: 6.20%).

As of 31 December 2015, Group's certain buildings and machinery with original book value of RMB9,195,397,000 is pledged as securities for Group's borrowings (31 December 2014: RMB9,029,131,000).

Impairment losses of property, plant and equipment

As the market price of wafer and module remained low and its gross profit margin was negative, there was an impairment indicator for property, plant and equipment of the Group. During the year ended 31 December 2015, in accordance with the Group's business plans and strategy, certain production lines of waferand module ceased the operation. Consequently, impairment losses amounting to RMB80,126,000 and RMB17,174,000 were recognised in relation to the wafer production line and module production line, respectively, to reduce the carrying value to the estimated recoverable amount of RMB9,983,000 and RMB9,339,000, which were calculated based on value in use. The pre-tax discount rate used in the calculation of recoverable amount is approximately 10%.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7 Land use rights

	RMB'000
As of 1 January 2014	
Cost	283,515
Accumulated amortisation	(20,498)
Net book value	263,017
Year ended 31 December 2014	
Opening net book value	263,017
Additions	67,731
Amortisation charge	(7,494)
Closing net book value	323,254
As of 31 December 2014	
Cost	351,246
Accumulated amortisation	(27,992)
Net book value	323,254
Year ended 31 December 2015	
Opening net book value	**323,254**
Additions	**188,994**
Amortisation charge	**(8,302)**
Closing net book value	**503,946**
As of 31 December 2015	
Cost	**540,240**
Accumulated amortisation	**(36,294)**
Net book value	**503,946**

Amortisation of RMB8,302,000 (2014: RMB7,494,000) is included in "general and administrative expenses" of the Group for the year ended 31 December 2015.

As of 31 December 2015, the Group's land use rights with the original book value of RMB234,449,000 (31 December 2014: RMB47,297,000) were pledged as security for long-term borrowings (Note 21).

8 Intangible assets

	Patent and proprietary technologies RMB'000	Software RMB'000	Total RMB'000
As of 1 January 2014			
Cost	113,935	8,136	122,071
Accumulated amortisation	(49,929)	(4,925)	(54,854)
Net book value	64,006	3,211	67,217
Year ended 31 December 2014			
Opening net book value	64,006	3,211	67,217
Additions	—	3,726	3,726
Amortisation charge	(10,861)	(1,543)	(12,404)
Closing net book value	53,145	5,394	58,539
As of 31 December 2014			
Cost	113,935	11,862	125,797
Accumulated amortisation	(60,790)	(6,468)	(67,258)
Net book value	53,145	5,394	58,539
Year ended 31 December 2015			
Opening net book value	**53,145**	**5,394**	**58,539**
Additions	**9,526**	**2,769**	**12,295**
Amortisation charge	**(11,258)**	**(2,399)**	**(13,657)**
Impairment	**(2,696)**	**(50)**	**(2,746)**
Closing net book value	**48,717**	**5,714**	**54,431**
As of 31 December 2015			
Cost	**123,461**	**14,631**	**138,092**
Accumulated amortisation	**(72,048)**	**(8,867)**	**(80,915)**
Impairment	**(2,696)**	**(50)**	**(2,746)**
Net book value	**48,717**	**5,714**	**54,431**

The Group's patent and proprietary technologies represent solar energy, monocrystalline silicon, silicon dioxide and polycrystalline silicon related proprietary technologies that were mainly purchased from third parties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

8 Intangible assets (continued)

The amortisation expense has been charged into items in the consolidated statement of comprehensive income as below:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cost of sales	**9,507**	10,441
General and administrative expenses	**4,150**	1,963
	13,657	12,404

9 Subsidiaries

The following is a list of the principal subsidiaries, all of which are incorporated and operated in the PRC, at 31 December 2015:

		As at 31 December			
Name	**Principal activities**	**2015 Registered capital RMB'000**	**2015 Equity interests held by the Group (%)**	2014 Registered capital RMB'000	2014 Equity interests held by the Group (%)
Xinjiang New Energy	ECC services	**1,859,961**	**98.58%**	1,253,900	97.89%
TBEA Xi'an Electrical Technology Co., Ltd. (特變電工西安電氣科技有限公司)	Production of invertor products	**150,000**	**100.00%**	15,000	100.00%
Shaanxi TBEA New Energy Co., Ltd. (陝西特變電工新能源有限公司)	Trading of module products	**42,230**	**100.00%**	42,230	100.00%
Xi'an Purui Xinte Energy Co., Ltd. (西安普瑞新特能源有限公司)	Trading of module products	**41,176**	**100.00%**	41,176	100.00%
Xi'an TBEA Electric Power Design Co., Ltd. (西安特變電工電力設計有限責任公司)	Consulting, design, research and development	**10,000**	**66.09%**	10,000	66.09%
TBEA Xi'an Flexible Power Transmission & Distribution Co., Ltd. (特變電工西安柔性輸配電有限公司)	Production of static var generator products	**50,000**	**100.00%**	50,000	100.00%
TBEA Hami Photovoltaic Technology Co., Ltd. (特變電工哈密光伏科技有限公司)	Production of invertor products	**10,000**	**100.00%**	10,000	100.00%

9 Subsidiaries (continued)

All English names represent the Company's directors' best effort of translations and are for reference only. The official names of these entities are in Chinese.

Material non-controlling interests

The balance of total non-controlling interests as of 31 December 2015 is RMB46,242,000 (31 December 2014: RMB39,447,000), of which RMB38,603,000 (31 December 2014: RMB34,691,000) is for Xinjiang New Energy. The non-controlling interests in respect of other subsidiaries are not material.

Set out below are the summarised financial information for the subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheet

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Current		
Assets	**11,925,563**	8,198,807
Liabilities	**(11,211,182)**	(7,218,984)
Total current net assets	**714,381**	979,823
Non-current		
Assets	**3,155,118**	901,085
Liabilities	**(1,147,908)**	(232,133)
Total non-current net assets	**2,007,210**	668,952
Net assets	**2,721,591**	1,648,775
Net assets allocated to non-controlling interests	**38,603**	34,691

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

9 Subsidiaries (continued)

Material non-controlling interests (continued)

Summarised statement of comprehensive income

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Revenue	**6,864,641**	4,908,904
Profit before income tax	**295,112**	189,411
Income tax expense	**(34,959)**	(9,827)
Profit for the year	**260,153**	179,584
Total comprehensive income	**260,153**	179,584
Total comprehensive income allocated to non-controlling interests	**3,143**	77,309
Dividends paid to non-controlling interests	**—**	(638)

Summarised cash flows

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from/(used in) operations	**2,758,705**	(893,081)
Income tax paid	**(61,064)**	(14,579)
Net cash generated from/(used in)operating activities	**2,697,641**	(907,660)
Net cash used in investing activities	**(1,999,109)**	(134,391)
Net cash generated from financing activities	**951,629**	1,018,714
Net increase/(decrease) in cash and cash equivalents	**1,650,161**	(23,337)
Cash and cash equivalents at beginning of year	**878,131**	901,320
Exchange gains on cash and cash equivalents	**342**	148
Cash and cash equivalents at end of year	**2,528,634**	878,131

10 Investments accounted for using the equity method

The Group's investments accounted for using the equity method represent investment in associates, all of which are incorporated and operated in the PRC. These companies are private companies and there is no quoted price available for its shares.

As of 31 December 2014 and 2015, in the opinion of the directors of the Company, no associates are considered individually material to the Group. Movements of investments in associates are set out as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	**49,079**	82,330
Transfer from subsidiaries to associates (Note (b))	**55,620**	—
Additional capital injections	**—**	36,526
Transfer from associates to subsidiaries (Note (c))	**(2,386)**	—
Disposals (Note (d))	**—**	(111,040)
Share of profits	**2,768**	7,979
Elimination of transactions with associates, net of tax (Note (e))	**(2,441)**	33,284
At end of the year	**102,640**	49,079

(a) There are no contingent liabilities relating to the Group's interest in the associates.

(b) Under the Group's normal operation of the Group's ECC service business, it establishes various subsidiaries as the owner of solar power plant projects to be disposed in future (these entities are refer as "project companies" thereafter). Before a buyer is identified, all construction costs in progress pertaining to these projects are recognised as inventories in the consolidated balance sheet. These projects will be sold to third-party customers at different stages by way of transferring the equity interests in these subsidiaries. These subsidiaries have no other commercial operation other than the holding of the relevant projects. In the opinion of the directors of the Company, the disposal of equity interests in these project companies is in substance the sales of inventories held by the Group.

The Group sold ECC projects to the party customers by way of transferring equity interests in the relevant project companies. The Group retained equity interests ranging 20% to 49% in some of these disposed project companies and continue to exercise significant influence by virtue of its contractual right to appoint at least one director to the board of directors of them and has power to participate in the financial and operating policy decisions in them. Accordingly, these relevant project companies are accounted for as associates after the disposals.

During the year ended 31 December 2015, initial investments amounting to RMB55,620,000 represented the proportionate share of the estimated value of the relevant project companies at the date of the disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

10 Investments accounted for using the equity method (continued)

(c) During the year ended 31 December 2015, the Group acquired the remaining 51.00% equity interests of Xinjiang Energy Construction Co., Ltd. from TBEA. Upon this transaction, the Group held 100.00% equity interests in Xinjiang Energy Construction Co., Ltd. and thereby obtained its control which became a subsidiary of the Company since then.

(d) During the year ended 31 December 2014, the Group sold certain ECC projects to third party customers by way of transferring all the equity interest in the relevant project companies held by the Group. Total consideration received was RMB111,040,000, of which the cash consideration received was RMB90,400,000 and the outstanding consideration receivables was RMB20,640,000 as of 31 December 2014.

(e) Since the Group sold inventories and provided construction services to its associates ("downstream transactions"), the unrealised profits resulting from such transactions are eliminated against the carrying amount of its investment in associates. As a result, the deferred tax consequences arising from the elimination are also charged to the carrying amount of the investment in associates, with corresponding adjustments in income statement within "Share of profit of investments accounted for using the equity method". When the related assets are disposed or consumed by the associate, or the associates are disposed by the Group, the unrealised profit, as well as the corresponding tax adjustment, will be reversed. Below table summarised the financial impact arising from the downstream transactions in the year ended 31 December 2014 and 2015.

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Elimination effect arising from downstream transactions with associates	**(2,871)**	39,157
Relevant tax effect	**430**	(5,873)
Elimination of transactions with associates, net of tax	**(2,441)**	33,284

10 Investments accounted for using the equity method (continued)

Summarised financial information for associates

Set out below are the summarised financial information in aggregate for all individually immaterial associates, which are accounted for using the equity method.

Summarised statement of comprehensive income

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Revenue	**143,882**	145,456
Operating income	**6,594**	39,877
Income tax expense	**(332)**	(1)
Profit for the year	**6,262**	39,876
Total comprehensive income	**6,262**	39,876

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

11 Deferred income tax

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Deferred tax assets:		
Deferred income tax assets to be recovered within 12 months	**53,794**	30,534
Deferred income tax assets to be recovered after more than 12 months	**28,850**	10,926
	82,644	41,460

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

11 Deferred income tax (continued)

The gross movement of the Group's deferred income tax account is as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Beginning of the year	**41,460**	21,754
Credited to the consolidated statements of comprehensive income (Note 30)	**41,184**	19,706
End of the year	**82,644**	41,460

The movements in deferred income tax assets of the Group during the year ended 31 December 2015, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Impairment provision of receivables and inventories RMB'000	**Government grant RMB'000**	**Taxable loss and others RMB'000**	**Total RMB'000**
As of 1 January 2014	19,641	2,113	—	21,754
Credited to the consolidated statements of comprehensive income	7,454	4,860	7,392	19,706
As of 31 December 2014	27,095	6,973	7,392	41,460
Credited/(charged) to the consolidated statements of comprehensive income	26,137	(1,864)	16,911	41,184
As of 31 December 2015	**53,232**	**5,109**	**24,303**	**82,644**

Others mainly represent unrealised profit of inter-group transactions, accrued warranty provision and share-based payment.

11 Deferred income tax (continued)

As of 31 December 2015, the Group did not recognise deferred tax assets as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Tax losses	**16,225**	8,905
Other temporary differences	**14,478**	14,338
	30,703	23,243

Deferred income tax assets are recognised for tax loss carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As of 31 December 2015, the Group did not recognise deferred tax assets of RMB16,225,000 (31 December 2014: RMB8,905,000) in respect of tax losses amounting to RMB108,167,000 (31 December 2014: RMB59,374,000), as the directors of the Company believe it is more likely than not that such tax losses would not be utilised before they expire.

	Year ended 31 December	
	2015	2014
Year of expiry	**RMB'000**	RMB'000
2015	**—**	608
2016	**714**	714
2017	**9,332**	9,462
2018	**7,917**	13,671
2019	**21,350**	34,919
2020	**68,854**	—
	108,167	59,374

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

12 Inventories

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Raw materials	**801,652**	510,376
Finished goods	**271,115**	419,756
Work in progress	**3,323,252**	1,953,271
Spared parts	**6,918**	5,307
	4,402,937	2,888,710
Less: provision for impairment	**(19,499)**	(15,126)
	4,383,438	2,873,584

Movements of Group's provision for inventory obsolescence are analysed as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Beginning of the year	**15,126**	14,699
Additions	**35,116**	4,881
Write-off	**(30,743)**	(4,454)
End of the year	**19,499**	15,126

For the year ended 31 December 2015, the Group's total cost of inventories recognised is RMB2,972,798,000 (2014: RMB1,951,588,000).

13 Amounts due from/(to) customers for contract work

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Contract cost incurred plus recognised profit less recognised losses	**9,036,305**	4,557,228
Less: Progress billings	**(7,951,155)**	(4,003,049)
Net balance sheet position for ongoing contracts	**1,085,150**	554,179
Representing:		
Amounts due from customers for contract work	**1,342,701**	693,443
Amounts due to customers for contract work	**(257,551)**	(139,264)
	1,085,150	554,179

For the year ended 31 December 2015, total contract revenue recognised is RMB5,474,088,000 (2014: RMB3,380,132,000).

14 Trade and notes receivable

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Trade receivables	**2,068,937**	1,904,587
Notes receivable	**1,036,894**	1,142,587
	3,105,831	3,047,174
Less: provision for impairment	**(69,374)**	(54,480)
	3,036,457	2,992,694

Notes receivables of the Group are bank acceptance notes and trade acceptance notes with maturity dates within six months.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

14 Trade and notes receivable (continued)

Aging analysis of the Group's gross trade receivables based on the due date at the respective balance sheet dates is as follows:

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Within 3 months	**923,229**	1,012,860
4 to 6 months	**407,570**	202,352
6 months to 1 year	**381,409**	456,811
1 to 2 years	**305,829**	182,534
2 to 3 years	**34,513**	39,269
Over 3 years	**16,387**	10,761
	2,068,937	1,904,587

Most of the Group's trade receivables are due upon the issuance of the invoices, except for retention money which would normally be collected one or two years after the completion of the sales.

As of 31 December 2015, retention money included in trade receivables amounted to RMB334,864,000 (31 December 2014: RMB202,524,000), which was neither past due nor impaired.

As of 31 December 2015, the Group's trade receivables amounting to RMB500,710,000 (31 December 2014: RMB1,314,274,000) were past due but not impaired. These relate to a number of independent customers for there is no significant financial difficulty and these were trade receivables with recourse clauses according to the factoring agreement with the relevant banks did not qualify for de-recognition and were accounted for as secured short-term bank borrowings, as the substantial risks and rewards associated with the trade receivables were not transferred (Note 21(a)). Based on past experience, the directors of the Company are of the opinion that the overdue amounts can be fully recovered. The ageing analysis of these receivables are as follows:

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Less than 1 year	**500,710**	1,314,274

14 Trade and notes receivable (continued)

As of 31 December 2015, trade receivables of RMB1,223,363,000 (31 December 2014: RMB387,789,000) was partially impaired. The amount of the related provisions for impairment pertaining to these receivables was approximately RMB69,374,000 at 31 December 2015 (31 December 2014: RMB54,480,000). It was assessed that a portion of the receivables is expected to be recovered. The aging analysis of these receivables are as follows:

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Less than 1 year	**994,822**	267,599
1 year to 2 years	**217,405**	110,585
2 years to 3 years	**12,220**	2,368
Over 3 years	**8,916**	7,237
	1,233,363	387,789

Movements of the Group's provisions for impairment of trade and notes receivable are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Beginning of the year	**54,480**	33,137
Additions	**43,708**	34,746
Reversal	**(26,405)**	(13,403)
Write-off	**(2,409)**	—
End of the year	**69,374**	54,480

As of 31 December 2014 and 2015, the carrying amounts of trade and notes receivable approximated their fair values due to short maturity.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

14 Trade and notes receivable (continued)

The carrying amounts of the Group's trade and notes receivable are denominated in the following currencies:

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
RMB	**2,815,875**	2,992,694
USD	**201,489**	—
PKR	**19,093**	—
	3,036,457	2,992,694

15 Other current/non-current assets

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Prepayments for purchase of property, plant and equipment	**38,200**	12,676
Value-added tax recoverable	**578,643**	547,872
Prepaid income tax	**12,685**	48,129
Guarantee deposit for other borrowings (Note 21(b))	**15,000**	—
	644,528	608,677
Less: current portion of		
— Value-added tax recoverable	**(264,979)**	(441,941)
— Prepaid income tax	**(12,685)**	(48,129)
—Guarantee deposit for other borrowings (Note 21(b))	**(15,000)**	—
	(292,664)	(490,070)
	351,864	118,607

Value-added tax ("**VAT**") recoverable represents the input VAT relating to purchase of property, plant and equipment, which can be deducted from the output VAT arising from future sales.

16 Prepayments and other receivables

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Staff advances	**32,836**	30,201
Deposits as guarantee for contract execution	**82,116**	36,983
Consideration receivable from disposal of associates	**—**	20,640
Receivables from TBEA (Note 36(c))	**126,398**	255
Others	**104,693**	32,458
Total other receivables	**346,043**	120,537
Less: provision for impairment	**(9,837)**	(11,794)
	336,206	108,743
Prepayments to suppliers	**786,907**	834,846
Less: provision for impairment	**(25,694)**	(26,640)
	761,213	808,206
	1,097,419	916,949

As of 31 December 2014 and 2015, the carrying amounts of the Group's other receivables approximated their fair values due to short maturity.

The provision for impairment of prepayments is mainly for suppliers in the process of liquidation.

Movements on the Group's allowance for impairment of other receivables are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Beginning of the year	**11,794**	5,216
Addition	**15,927**	7,092
Reversal	**(13,721)**	(514)
Write-off	**(4,163)**	—
End of the year	**9,837**	11,794

As of 31 December 2014 and 2015, the Group's other receivables were all denominated in RMB.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

17 Cash and bank balances

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Restricted cash:		
Bank deposits	**1,285,993**	852,065
Cash and cash equivalents:		
Cash on hand	**15**	10
Cash in bank	**2,862,388**	962,678
	2,862,403	962,688
Total cash and bank balances	**4,148,396**	1,814,753

The restricted bank deposits were held as security for letter of credit, letter of guarantee and bank acceptance notes.

Cash and bank balances were denominated in the following currencies:

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
RMB	**3,090,392**	1,797,584
HKD	**1,042,334**	—
USD	**13,223**	4,165
PKR	**—**	8,628
Others	**2,447**	4,376
	4,148,396	1,814,753

18 Share capital and share premium

Ordinary shares, issued and fully paid:

	Number of ordinary shares (thousands)	Nominal value RMB'000	Share premium RMB'000	Total share capital and share premium RMB'000
At 1 January 2014	568,000	568,000	2,294,705	2,862,705
Issuance of shares (a)	105,050	105,050	532,631	637,681
At 31 December 2014	673,050	673,050	2,827,336	3,500,386
Issuance of shares to pre-IPO investors (b)	204,678	204,678	1,195,322	1,400,000
Issuance of H shares (c)	146,500	146,500	879,439	1,025,939
At 31 December 2015	1,024,228	1,024,228	4,902,097	5,926,325

(a) In December 2014, the Company issued 105,050,000 shares with par value RMB1.00 each to its parent company TBEA as the consideration of acquisition of 41.55% equity interest in Xinjiang New Energy with the value amounting to RMB637,681,000 (Note 20(b)).

(b) In April 2015, the Company entered into pre-IPO share subscription agreements with TBEA, Jinlong Technology Holdings Limited, CM International Capital Limited, GF Energy Investment Limited and L.R. Capital China Growth I Company Limited, respectively, pursuant to which the Company issued 204,678,362 shares, divided into 146,198,830 unlisted foreign shares and 58,479,532 domestic shares with par value of RMB1.00 per share at RMB6.84 per share, for a total cash consideration of approximately RMB1,400 million.

(c) On 30 December 2015, the Company completed its IPO by issuing 146,500,000 H shares with nominal value of RMB1.00 each at a price of HKD8.80 per share.

The total proceeds from the IPO (excluding underwriter commissions) was approximately HKD1,250,248,000 (equivalent to approximately RMB1,042,332,000), with which share capital was increased by RMB146,500,000 and share premium was increased by RMB895,832,000. The share issuance costs relating to the IPO amounted to RMB16,393,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

19 Other reserves

	Surplus reserve RMB'000	Other reserves RMB'000	Total RMB'000
At 1 January 2014	1,617	132,736	134,353
Appropriation of surplus reserve (Note a)	45,414	—	45,414
Share-based payments (Note b)	—	6,125	6,125
Contributions from non-controlling interests of a subsidiary (Note 20(b))	—	47,126	47,126
Acquisition of additional interests in a subsidiary (Note 20(a))	—	8,130	8,130
Currency translation differences	—	(292)	(292)
At 31 December 2014	47,031	193,825	240,856
Appropriation of surplus reserve (Note a)	35,385	—	35,385
Share-based payments (Note b)	—	18,385	18,385
Currency translation differences	—	555	555
Transaction with non-controlling interests (Note 20(c))	—	197	197
At 31 December 2015	82,416	212,962	295,378

(a) In accordance with the Company Law of the PRC and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. For the year ended 31 December 2015, according to a resolution of the board of directors, the Company made appropriation of statutory surplus reserve amounting to RMB35,385,000 (2014: RMB45,414,000).

19 Other reserves (continued)

(b) Restricted share incentive plan

The Group's directors and selected employees participated in a restricted share incentive plan operated by its parent company TBEA in 2014.

During the year ended 31 December 2014, 12,802,000 restricted shares of TBEA were granted to certain Group's directors and employees at a price of RMB5.65 per share for their services rendered to the Company. These restricted shares would vest at the rate of 20%, 30% and 50% respectively for each 12-month period commencing from the 12 months after the grant date, subject to TBEA achieving its target growth in profit over the vesting period.

During the year ended 31 December 2015, 1,720,000 restricted shares of TBEA were granted to certain Group's directors and employees at a price of RMB7.87 per share for their services rendered to the Company. These restricted shares would vest at the rate of 50%, and 50% respectively for each 12-month period commencing from the 12 months after the grant date, subject to TBEA achieving its target growth in profit over the vesting period.

During the year ended 31 December 2015, 20% of the restricted shares were unlocked and transferred to the grantees.

Movements in the number of restricted shares granted and related fair value are as follows:

	Exercise Price (RMB per share)	Number of restricted shares granted (thousands)
As of 1 January 2014		—
Granted	5.65	12,802
As of 31 December 2014		12,802
Granted	7.87	1,720
Vested		(2,431)
Forfeited		(516)
As of 31 December 2015		11,575

19 Other reserves (continued)

The fair value of restricted shares granted was determined by reference to the market price of TBEA on the date of grant. For the year ended 31 December 2015, the share-based compensation expense recognised in the consolidated statement of comprehensive income as employee benefits expenses was RMB18,385,000 (2014: RMB6,125,000).

20 Transactions with non-controlling interests

(a) In March 2014, TBEA injected cash amounting to RMB620,004,000 to Xinjiang New Energy, a subsidiary of which the Company holds 96.39% interests. Pursuant to the capital injection, the Company's interests over Xinjiang New Energy decreased from 96.39% to 56.34%, while TBEA increased its interests of Xinjiang New Energy up to 41.55%. The Group recognised the difference between its share of the net assets of Xinjiang New Energy before and after TBEA's investment as an increase in equity attributable to owners of the Company of RMB8,130,000 (Note 19) and an increase in non-controlling interests of RMB611,874,000.

(b) In December 2014, the Company issued 105,050,000 shares to TBEA to acquire 41.55% equity interests of Xinjiang New Energy held by TBEA at a consideration of RMB637,681,000. Upon completion of this acquisition, the Company's interests over Xinjiang New Energy increased from 56.34% to 97.89%. The Group recognised the difference between the consideration and the additional share of net assets in Xinjiang New Energy as an increase in equity attributable to owners the Company of RMB47,126,000 (Note 19) and a decrease in non-controlling interests of RMB684,807,000.

(c) In June 2015, the Company injected RMB800,000,000 to its subsidiary Xinjiang New Energy and acquired 606,060,603 shares. Upon this investment, the Company's interests over Xinjiang New Energy increased from 97.89% to 98.58%. The Group recognised the difference between the consideration and the additional share of net assets in Xinjiang New Energy as an increase in other reserves and a corresponding decrease in non-controlling interests of RMB197,000.

21 Borrowings

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Short-term borrowings		
Bank borrowings:		
— Secured (a)	**1,269,282**	1,370,415
— Unsecured	**2,309,000**	560,000
	3,578,282	1,930,415
Other borrowings:		
— Secured (b)	**265,807**	—
— Unsecured	**—**	1,494,222
	265,807	1,494,222
Current portion of long-term borrowings	**657,539**	726,061
Total current borrowings	**4,501,628**	4,150,698
Long-term borrowings		
Bank borrowings:		
— Secured (a)	**3,984,039**	4,405,388
Less: current portion of long-term borrowings	**(657,539)**	(726,061)
Total non-current borrowings	**3,326,500**	3,679,327
Total borrowings	**7,828,128**	7,830,025

The maturities of the Group's total borrowings at the balance sheet date are repayable as follows:

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Within 1 year	**4,501,628**	4,150,698
1 year to 2 years	**728,500**	623,077
2 years to 5 years	**2,167,500**	1,843,750
Over 5 years	**430,500**	1,212,500
	7,828,128	7,830,025

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

21 Borrowings (continued)

The carrying amount of the Group's borrowings are denominated in the following currencies:

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
RMB	**7,677,597**	7,651,464
USD	**150,531**	178,561
	7,828,128	7,830,025

(a) As of 31 December 2015, secured short-term bank borrowings with amount of RMB500,710,000 (2014: RMB1,314,274,000) represented proceeds received under trade receivable factoring agreements with recourse with banks (Note 14).

As of 31 December 2015, secured short-term bank borrowings with amount of RMB111,569,000, RMB500,000,000, and RMB157,003,000 were pledged with the Group's certain property, plant and equipment (Note 6), approximately 75% of equity interest in Xinjiang New Energy and certain subsequent receivable collection right, respectively.

As of 31 December 2015, secured long-term bank borrowings were pledged with the Group's certain property, plant and equipment (Note 6) and land use rights (Note 7).

(b) As of 31 December 2015, for other borrowings, certain property, plant and equipment of polysilicon production (Note 6) and guarantee deposit (Note 15) were pledged as security.

(c) For the year ended 31 December 2015, the average interest rates of borrowingsranged from 2.65% to 6.60% (2014: from 5.50% to 6.90%).

(d) The Group has the following undrawn bank borrowing facilities:

	As of 31 December	
	2015	2014
	RMB'000	RMB '000
Expiring within 1 year	**4,637,314**	1,846,220
Expiring beyond 1 year	**1,802,000**	400,000
	6,439,314	2,246,220

22 Deferred government grants

As of 31 December 2014 and 2015, deferred government grants mainly represented assets-related government grants received with respect to encouraging the research and development activities, and charges of asset-related grants in connection with the infrastructure construction of solar power projects and production of polysilicon.

23 Trade and notes payable

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Trade payables	**3,385,869**	2,036,530
Notes payables	**4,281,496**	2,390,421
	7,667,365	4,426,951

The aging analysis of trade payables is as follows:

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Within 1 year	**3,087,267**	1,894,373
1 to 2 years	**258,517**	92,431
2 to 3 years	**27,123**	20,405
Over 3 years	**12,962**	29,321
	3,385,869	2,036,530

As of 31 December 2014 and 2015, the carrying amounts of trade and notes payable approximated their fair values due to short maturity.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

23 Trade and notes payable (continued)

The carrying amounts of the Group's trade and notes payable are denominated in the following currencies:

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
RMB	**7,562,869**	4,415,235
USD	**100,295**	8,437
Others	**4,201**	3,279
	7,667,365	4,426,951

24 Provisions and other payables

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Payables relating to purchase of property, plant and equipment	**613,833**	893,756
Advances and deposits	**841,424**	601,227
Warranty provisions	**30,772**	18,937
Accrued wages and other benefits	**110,108**	43,693
Tax payable other than income taxes	**8,724**	2,999
Others	**20,858**	5,816
	1,625,719	1,566,428

Movements on the Group's provision for warranty expenses are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Beginning of the year	**18,937**	18,529
Additional provisions	**34,410**	10,821
Utilisation	**(22,575)**	(10,413)
End of the year	**30,772**	18,937

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

25 Expense by nature

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Changes in inventories of finished goods and work in progress	**(1,187,910)**	(381,480)
Raw materials, equipment and consumables	**5,750,418**	3,984,155
Subcontract costs	**1,558,151**	982,425
Employee benefit expense (Note 28)	**661,153**	586,281
Depreciation and amortisation (Notes 6,7 and 8)	**526,739**	531,097
Utilities	**211,845**	195,196
Repair and maintenance	**164,945**	137,895
Impairment of assets	**154,779**	78,255
Transportation	**234,877**	35,382
Travelling expenses	**45,668**	35,158
Taxation	**50,797**	36,650
Warranty expenses (Note 24)	**34,410**	10,821
Rental expenses	**26,778**	18,595
Auditor's remuneration		
— audit and audit related services	**3,000**	715
— non-audit services	**—**	272
Listing expenses	**17,423**	1,968
Others	**416,451**	281,329
	8,669,524	6,534,714

26 Other income

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Government grants	**151,542**	124,487
Sales of raw materials	**10,121**	12,173
Consulting services	**27,411**	1,839
	189,074	138,499

For the year ended 31 December 2015, the Group's government grant income included amortisation of asset-related government grants (Note 22) with amount of RMB52,762,000 (2014: RMB45,481,000).

For the year ended 31 December 2015, the Group's consultation income mainly represented consultation service relating to an advanced polysilicon technology study.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

27 Other gains — net

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Gains on disposal of property, plant and equipment	**719**	1,010
Gains on compensations and penalties	**11,250**	17,797
Donations	**(24,500)**	(10,020)
Net exchange gains other than borrowings	**3,549**	18
Others	**15,308**	8,728
	6,326	17,533

For the year ended 31 December 2014 and 2015, donations mainly represented the amounts donated for local public utility construction projects to local government in Xinjiang Uygur Autonomous Region and Shanxi Province, the PRC.

28 Employee benefit expense

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Wages and salaries	**523,198**	486,119
Social insurance costs	**78,169**	58,021
Welfare benefits	**41,401**	36,016
Share-based payment (Note 19(b))	**18,385**	6,125
	661,153	586,281

28 Employee benefit expense (continued)

(a) Five highest paid individuals

For year ended 31 December 2015, the five individuals whose emoluments were the highest in the Group were as follows:

	Number of individuals Year ended 31 December	
	2015	2014
Directors	**3**	2
Non-director individuals	**2**	3
	5	5

The Directors' emoluments are reflected in the analysis of Note 39. The emoluments payable to the remaining individuals were as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Basic salaries and allowances	**504**	973
Discretionary bonuses	**519**	251
Share-based compensation	**177**	124
	1,200	1,348

The emoluments fell within the following bands:

	Number of individuals Year ended 31 December	
	2015	2014
Emolument bands		
HKD1,000,000 and below	**2**	2
HKD1,000,001 to HKD1,500,000	**—**	1
	2	3

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

29 Finance expenses — net

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Interest expenses on borrowing	**472,038**	467,658
Less: amounts capitalised	**(172,849)**	(80,426)
— in property, plant and equipment	**(43,201)**	(4,881)
— in inventories and construction contracts	**(129,648)**	(75,545)
Net exchange (gains)/losses	**(4,502)**	1,724
Finance expenses	**294,687**	388,956
Interest income	**(32,931)**	(24,517)
	261,756	364,439

30 Income tax expense

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Current income tax expense	**130,257**	27,850
Deferred income tax benefit (Note 11)	**(41,184)**	(19,706)
	89,073	8,144

30 Income tax expense (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Profit before income tax	**708,217**	661,505
Tax expense calculated at applicable statutory tax rate of 25%	**177,054**	165,376
Effect of difference between applicable tax rate and statutory tax rate	**(66,589)**	(51,328)
Tax losses and other temporary differences for which no deferred income tax assets were recognised	**17,448**	19,449
Utilisation of previously unrecognised temporary differences and tax losses	**(4,738)**	(13,149)
Elimination of transactions with associates (Note 10)	**(610)**	(8,321)
Expenses not deductible for taxation purposes	**5,358**	12,424
Tax credits and additional deduction entitlements	**(38,850)**	(116,307)
	89,073	8,144

Most of the companies now comprising the Group are subject to PRC enterprise income tax, which has been provided for based on the statutory income tax rate of 25% on the assessable income of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations except that certain subsidiaries were exempted or taxed at preferential rate of 15%.

Tax credits and additional deduction entitlements mainly represent tax credit for purchases of qualified environmental protection equipment and research and development expenses eligible for additional tax deduction.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

31 Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2015.

	Year ended 31 December	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	**611,817**	574,833
Weighted average number of ordinary shares in issue (thousands)	**805,350**	576,754
Basic earnings per share (RMB)	**0.76**	1.00

(b) Diluted

No dilutive effect on earnings per share for the years ended 31 December 2014 and 2015, as the Group had no dilutive potential ordinary shares.

32 Dividends

On the board meeting held on 24 March 2016, the directors proposed payment of a final dividend of RMB0.1 per share, totalling RMB104,500,516. Such dividend is to be approved by the shareholders on the next annual general meeting. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements.

No dividend has been paid or declared by the Company during the year ended 31 December 2014.

33 Notes to the consolidated statements of cash flows

(a) Reconciliation of profit before income tax to net cash generated from operations:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cash generated from operations		
Profit before income tax	**708,217**	661,505
Adjustments for:		
— Provision for impairment of inventories	**35,116**	4,881
— Depreciation of property, plant and equipment	**504,780**	511,199
— Amortisation of land use rights	**8,302**	7,494
— Amortisation of intangible assets	**13,657**	12,404
— Provision for impairment of property, plant and equipment	**97,300**	16,314
— Allowance for impairment of trade and other receivables	**19,509**	54,561
— Share of profit from investments accounted for using the equity method	**(3,198)**	(2,106)
— Share-based payment	**18,385**	6,125
— Gains on disposal of property, plant and equipment	**(719)**	(1,010)
— Amortisation of asset-related deferred government grants	**(52,762)**	(45,481)
— Provision for impairment of construction contracts	**(108)**	2,499
— Provision for impairment of intangible assets	**2,746**	—
— Finance expenses — net	**261,756**	364,439
— Elimination effect arising from downstream transactions with associates (Note 10(d))	**2,871**	(39,157)
— IPO listing expenses	**17,423**	—
Changes in working capital:		
— Inventories	**(2,357,111)**	(2,313,834)
— Trade and notes receivable	**(266,852)**	(201,238)
— Prepayments and other receivables	**(71,132)**	395,573
— Trade and notes payable	**4,401,584**	359,982
— Provisions and other payables	**347,398**	8,327
— Amount from/(to) customers for contract work	**(530,863)**	364,880
— Value-added tax recoverable	**(167,697)**	(73,549)
Cash generated from operations	**2,988,602**	93,808

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

33 Notes to the consolidated statements of cash flows (continued)

(b) In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Net book amount (Note 6)	**3,545**	14,371
Gains on disposal of property, plant and equipment (Note 27)	**719**	1,010
Proceeds from disposal of property, plant and equipment	**4,264**	15,381

34 Contingency and litigation

In June 2013, Jiangsu Zhongneng Silicon Technology Development Co., Ltd. (江蘇中能硅業科技發展有限公司, "Jiangsu Zhongneng") filed a claim with the Jiangsu Province People's Court against the Company for certain patent infringement and commercial secrets, for a total compensation amounting to RMB62 million. In December 2014, after an appeal filed the Company, the Supreme People's Court of the People's Republic of China ruled to the case should be under the jurisdiction of the Xinjiang Province People's Court. As of the date of these consolidated financial statements are approved for issue, the aforementioned litigation is in the process of transfer therefore no trial session has been conducted by Xinjiang Province People's Court yet. After considering the opinion of an independent legal counsel, the directors of the Company are of the opinion that this litigation is still at a very early stage with the outcome and the contingent obligation cannot be measured with sufficient reliability. Accordingly, no provision is made with respect to the aforementioned claim at 31 December 2015.

Apart from the above, the Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As of 31 December 2015, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the consolidated financial statements.

35 Commitments

(a) Capital commitments

At 31 December 2015, capital commitments with respect to capital expenditure of property, plant and equipment are as follows:

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Contractual but not yet incurred	**1,260,641**	87,925

(b) Operating lease commitments

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The future minimum lease payable under non-cancellable operating leases contracted for at the balance sheet dates but not recognised as liabilities, are as follows:

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Within 1 year	**5,294**	1,313
Between 1 to 5 years	**394**	—
	5,688	1,313

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

36 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

(a) Significant transactions with related parties

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
With parent company:		
— Sales of goods	**40,673**	—
— Rental expense incurred	**8,726**	23,922
— Proceeds from borrowings (gross amount)	**400,000**	1,270,000
— Interest expenses incurred	**46,381**	86,479
— Purchases of goods or services	**180,841**	—
With fellow subsidiaries:		
— Sales of goods or services	**32,968**	48,238
— Purchases of goods or services	**382,817**	241,965
With associates of parent company:		
— Sales of goods or services	**15,475**	2,760
— Purchases of goods or services	**54,704**	25,644
With associates:		
— ECC services provided	**303,783**	436,828

These transactions are carried out on terms mutually agreed with the counter parties in the ordinary course of business.

36 Related party transactions (continued)

(b) Key management compensation

The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Salaries and bonuses	**4,563**	2,324
Pension and others	**431**	292
Share-based payment	**682**	507
	5,676	3,123

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

36 Related party transactions (continued)

(c) Balances with related parties

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
Included in "trade and notes receivable"		
Receivable from:		
— parent company	**778**	—
— fellow subsidiaries	**—**	17,747
— associates	**—**	156,293
	778	174,040
Included in "prepayments and other receivables"		
Prepaid to or receivable from:		
— parent company	**126,398**	255
— fellow subsidiaries	**4,614**	16,716
— associates of parent company	**—**	1,961
— associates	**—**	3,169
	131,012	22,101
Included in "trade and notes payable"		
Payable to:		
— parent company	**3,885**	1,736
— fellow subsidiaries	**72,185**	111,491
— associates of parent company	**1,073**	18,440
	77,143	131,667
Included in "provisions and other payables"		
Advances received from:		
— parent company	**529**	499
— fellow subsidiaries	**230**	21,097
— associates of parent company	**—**	70
— associates	**—**	5,148
	759	26,814
Included in "borrowings"		
Borrowings due to:		
— parent company	**—**	1,494,222

37 Events after the balance sheet date

(a) On 21 January 2016, the over-allotment option relating to the IPO was partially exercised and 20,776,800 ordinary shares of the Company were issued at a price of HKD8.80 per share for a total cash proceeds of approximately HKD182,836,000 before deducting relevant expenses.

(b) On the board meeting held on 24 March 2016, the board of directors proposed a final dividend of RMB0.1 per share for the year ended 31 December 2015 (Note 32).

38 Balance sheet and reserve movement of the company

(a) Balance sheet

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**7,485,323**	7,777,919
Land use rights	**209,574**	214,276
Intangible assets	**39,190**	49,952
Investments in subsidiaries	**2,166,125**	1,360,189
Investments in an associate	**—**	2,450
Deferred income tax assets	**6,371**	4,630
Other non-current assets	**15,000**	—
Total non-current assets	**9,921,583**	9,409,416
Current assets		
Inventories	**260,029**	252,331
Other current assets	**54,909**	331,441
Trade and notes receivable	**409,488**	659,991
Prepayments and other receivables	**242,945**	196,114
Restricted cash	**241,760**	82,773
Cash and cash equivalents	**1,104,245**	57,040
Total current assets	**2,313,376**	1,579,690
Total assets	**12,234,959**	10,989,106

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

38 Balance sheet and reserve movement of the company (continued)

(a) Balance sheet (continued)

	As of 31 December	
	2015	2014
	RMB'000	RMB'000
EQUITY		
Share capital	**1,024,228**	673,050
Share premium	**4,902,097**	2,827,336
Other reserves	**173,971**	129,165
Retained earnings	**727,195**	412,879
Total equity	**6,827,491**	4,042,430
LIABILITIES		
Non-current liabilities		
Borrowings	**2,337,500**	3,612,500
Deferred government grants	**201,449**	200,913
Total non-current liabilities	**2,538,949**	3,813,413
Current liabilities		
Trade and notes payable	**318,139**	566,797
Provisions and other payables	**852,039**	1,046,509
Borrowings	**1,698,341**	1,519,957
Total current liabilities	**2,868,519**	3,133,263
Total liabilities	**5,407,468**	6,946,676
Total equity and liabilities	**12,234,959**	10,989,106

The balance sheet of the Company was approved by the Board of Directors on 24 March 2016 and was signed on its behalf.

Chairman *Executive Director*

38 Balance sheet and reserve movement of the company (continued)

(b) Reserve movement of the company

	Surplus reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2014	—	80,631	(11,297)	69,334
Comprehensive income	—	—	469,590	469,590
Share-based payments	—	3,120	—	3,120
Appropriation of surplus reserve	45,414	—	(45,414)	—
At 31 December 2014	45,414	83,751	412,879	542,044
Comprehensive income	—	—	349,701	349,701
Share-based payments	—	9,421	—	9,421
Appropriation of surplus reserve	35,385	—	(35,385)	—
At 31 December 2015	**80,799**	**93,172**	**727,195**	**901,166**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

39 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executiveis set out below:

For the year ended 31 December 2015:

	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Estimated money value of other benefits (Note (a)) RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking RMB'000	Total RMB'000
Executives Directors									
Zhang Jianxin (Note(e))	–	856	79	7	105	–	–	–	1,047
Ma Xuping	–	560	358	15	105	–	–	–	1,038
Yin Bo (Note(d))	–	369	128	7	51	–	–	–	555
Non-executives Directors									
Zhang Xin	–	–	–	–	–	–	–	–	–
Guo Junxiang	–	–	–	–	–	–	–	–	–
Wang Jian (Note(c))	–	–	–	–	–	–	–	–	–
Yang Deren (Note(d))	70	–	–	–	–	–	–	–	70
Qin Haiyan (Note(d))	70	–	–	–	–	–	–	–	70
Wong Yui Keung Marcellus (Note(d))	70	–	–	–	–	–	–	–	70
Chen Weilin (Note(b))	–	–	–	–	–	–	–	–	–
Jia Fei (Note(b)	–	–	–	–	–	–	–	–	–

39 Benefits and interests of directors (continued)

(a) Directors' and chief executive's emoluments (continued)

For the year ended 31 December 2014 (Restated):

Certain of the comparative information of directors' emoluments for the year ended 31 December 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirement by the Hong Kong Companies Ordinance (Cap.622).

	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Estimated money value of other benefits (Note (a)) RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking RMB'000	Total RMB'000
Executives Directors									
Zhang Jianxin	–	687	–	13	120	–	–	–	820
Ma Xuping	–	251	73	10	57	–	–	–	391
Non-executives Directors									
Zhang Xin	–	–	–	–	–	–	–	–	–
Guo Junxiang	–	–	–	–	–	–	–	–	–
Chen Weilin	–	–	–	–	–	–	–	–	–
Jia Fei	–	–	–	–	–	–	–	–	–

Notes:

(a) Other benefits include leave pay, restricted shares and insurance premium.

(b) Chen Weilin and Jia Fei resigned on 2 June 2015.

(c) Wang Jian was appointed on 18 April 2015.

(d) Yin Bo, Yang Deren, Qin Haiyan and Wong Yui Keung Marcellus were appointed on 2 June 2015.

(e) Zhang Jianxin is a director and also the chief executive of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

39 Benefits and interests of directors (continued)

(a) Directors' and chief executive's emoluments (continued)

In addition to the directors' emoluments disclosed above, certain directors of the Company receive emoluments from other companies they are employed to. No apportionment has been made as the directors consider that it is impracticable to apportion this amount between their services to the Group and their services to the other companies.

(b) Directors' retirement benefits

During the year ended 31 December 2015, no retirement benefits operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of his services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries (2014: Nil).

(c) Directors' termination benefits

During the year ended 31 December 2015, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable (2014: Nil).

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

During the year ended 31 December 2015, no consideration was provided to or receivable by third parties for making available directors' services (2014: Nil).

新特能源股份有限公司
Xinte Energy Co., Ltd.