新特能源

XINTE ENERGY CO., LTD.

新特能源股份有限公司

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

(Stock code: 1799)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2020, the Group's revenue amounted to RMB13,506.51 million, representing an increase of 54.85% as compared with the corresponding period of last year.

- For the year ended 31 December 2020, the Group's profit before income tax amounted to RMB965.66 million, representing an increase of 71.85% over the corresponding period of last year.

- For the year ended 31 December 2020, the profit attributable to owners of the Company amounted to RMB695.37 million, representing an increase of 72.70% over the corresponding period of last year.

- For the year ended 31 December 2020, the basic earnings per share amounted to RMB0.58, representing an increase of RMB0.24 as compared with the corresponding period of last year.

- The Board recommends the payment of a final dividend in the total amount of RMB120.00 million for the year ended 31 December 2020, subject to the approval at the AGM.

The board of directors (the "**Board**") of Xinte Energy Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2019. The results were prepared in accordance with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board and the disclosure requirements under the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

(Unless otherwise specified, the following information disclosures are based on consolidated financial statements prepared in accordance with International Financial Reporting Standards.)

CONSOLIDATED BALANCE SHEET

		As of 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**25,504,650**	19,277,873
Right-of-use assets		**786,055**	686,665
Intangible assets		**110,882**	96,617
Investments accounted for using the equity method		**330,502**	644,967
Financial assets at fair value through other comprehensive income		**1,000**	1,000
Deferred tax assets		**258,819**	198,775
Other non-current assets		**2,048,470**	4,434,533
Total non-current assets		**29,040,378**	25,340,430
Current assets			
Inventories		**2,260,492**	3,037,744
Contract assets		**2,065,962**	2,409,573
Other current assets		**1,492,623**	2,606,307
Trade and notes receivable	*4*	**6,092,545**	3,873,852
Other receivables		**895,114**	380,004
Financial assets at fair value through profit or loss		**63,520**	—
Restricted cash and term deposits with initial term of over three months		**1,904,458**	1,310,161
Cash and cash equivalents		**1,773,792**	2,747,045
Total current assets		**16,548,506**	16,364,686
Total assets		**45,588,884**	41,705,116

CONSOLIDATED BALANCE SHEET *(Continued)*

		As of 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital		**1,200,000**	1,200,000
Share premium		**5,964,123**	5,957,405
Other reserves		**598,305**	554,047
Retained earnings		**4,308,833**	3,711,992
		12,071,261	11,423,444
Non-controlling interests		**2,488,132**	2,425,233
Total equity		**14,559,393**	13,848,677
LIABILITIES			
Non-current liabilities			
Borrowings		**14,245,410**	12,821,706
Lease liabilities		**49,361**	50,227
Deferred tax liabilities		**64,466**	153,120
Deferred government grants		**406,604**	430,518
Total non-current liabilities		**14,765,841**	13,455,571
Current liabilities			
Trade and notes payable	*5*	**10,067,141**	8,343,280
Provisions and other payables		**3,271,978**	1,728,964
Contract liabilities		**831,208**	1,039,916
Current tax liabilities		**108,772**	20,373
Borrowings		**1,983,684**	3,267,509
Lease liabilities		**867**	826
Total current liabilities		**16,263,650**	14,400,868
Total liabilities		**31,029,491**	27,856,439
Total equity and liabilities		**45,588,884**	41,705,116

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Revenue		**13,506,505**	8,722,113
Cost of sales		**(11,364,144)**	(6,888,078)
Gross profit		**2,142,361**	1,834,035
Selling and marketing expenses		**(567,133)**	(402,723)
General and administrative expenses		**(646,148)**	(580,598)
Net impairment losses on financial assets and contract assets		**(250,323)**	(54,514)
Other income		**148,210**	84,219
Other gains — net		**671,342**	22,696
Operating profit		**1,498,309**	903,115
Interest income		**41,688**	41,157
Finance expenses		**(594,606)**	(417,121)
Finance expenses — net		**(552,918)**	(375,964)
Share of net profit of investments accounted for using the equity method		**20,268**	34,783
Profit before income tax		**965,659**	561,934
Income tax expense	*6*	**(73,206)**	(45,141)
Profit for the year		**892,453**	516,793
Profit for the year attributable to:			
Owners of the Company		**695,370**	402,642
Non-controlling interests		**197,083**	114,151
		892,453	516,793

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

		Year ended 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Other comprehensive (loss)/income:			
Items that may be reclassified to profit and loss			
Currency translation differences		**(7)**	60
Total comprehensive income for the year		**892,466**	516,853
Total comprehensive income for the year attributable to:			
Owners of the Company		**695,363**	402,702
Non-controlling interests		**197,083**	114,151
		892,446	516,853
Earnings per share for profit attributable to owners of the Company			
Basic earnings per share (RMB)	*7*	**0.58**	0.34
Diluted earnings per share (RMB)	*7*	**0.58**	0.34

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.2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang Uygur Autonomous Region, the PRC.

The Company's parent company and ultimate holding company is TBEA Co., Ltd. (特變電工股份有限公司) ("**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, rendering of engineering and construction contracting ("**ECC**") service for solar and wind power plants and systems and solar and wind power plants operation ("**BOO**").

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

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**") and requirements of the Hong Kong Companies Ordinance (Cap.622).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value.

2.1.1 New and amended accounting policy

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material — amendments to International Accounting Standards ("**IAS**") 1 and IAS 8
- Definition of a Business — amendments to IFRS 3
- Interest Rate Benchmark Reform — amendments to IFRS 7, IFRS 9 and IAS 39
- Revised Conceptual Framework for Financial Reporting

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1.1 New and amended accounting policy *(Continued)*

(a) New and amended standards adopted by the Group (Continued)

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

(b) New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use	January 1, 2022
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	January 1, 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022
Annual Improvements 2018–2020 cycle	IFRS 1, IFRS 9, IFRS 16 and IAS 41	January 1, 2022
IFRS 17	Insurance Contracts	January 1, 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023

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

3 SEGMENT INFORMATION

The chief operating decision-makers ("**CODM**") have been identified as the general manager, 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 and BOO as reportable operating segments. Others segment mainly comprises of businesses including manufacturing and sales of inverter, flexible direct current transmission converter valve and SVG and other retail businesses.

3 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 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.

	Polysilicon production *RMB'000*	ECC *RMB'000*	BOO *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
For the year ended 31 December 2020:						
Segment revenue and results						
Total segment revenue	3,999,121	14,451,414	887,489	1,950,408	(7,781,927)	13,506,505
Inter-segment revenue	(13,697)	(7,439,666)	(555)	(328,009)	7,781,927	—
Revenue from external customers	3,985,424	7,011,748	886,934	1,622,399	—	13,506,505
Timing of revenue recognition						
At a point in time	3,985,424	132,411	886,934	1,622,399	—	6,627,168
Over time	—	6,879,337	—	—	—	6,879,337
	3,985,424	7,011,748	886,934	1,622,399	—	13,506,505
Segment results	766,465	540,986	582,082	252,828	—	2,142,361
Amortisation	7,581	3,269	895	3,358	—	15,103
Depreciation	764,069	9,106	253,182	66,160	—	1,092,517
Provision/(reversal) of impairment:						
Trade and other receivables (including tariff adjustment receivables and long-term receivables)	10,941	188,340	59,051	3,880	—	262,212
— inventory	3,914	155,133	—	1,011	—	160,058
— contract assets	—	(11,889)	—	—	—	(11,889)
Share of profit of investments accounted for using the equity method	—	20,268	—	—	—	20,268

3 SEGMENT INFORMATION *(Continued)*

	Polysilicon production *RMB'000*	ECC *RMB'000*	BOO *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
For the year ended 31 December 2019:						
Segment revenue and results						
Total segment revenue	2,232,780	5,498,600	830,750	964,745	(804,762)	8,722,113
Inter-segment revenue	(3,255)	(512,793)	(1,286)	(287,428)	804,762	—
Revenue from external customers	2,229,525	4,985,807	829,464	677,317	—	8,722,113
Timing of revenue recognition						
At a point in time	2,229,525	294,197	829,464	677,317	—	4,030,503
Over time	—	4,691,610	—	—	—	4,691,610
	2,229,525	4,985,807	829,464	677,317	—	8,722,113
Segment results	397,976	709,217	566,030	160,812	—	1,834,035
Amortisation	16,228	4,424	793	1,926	—	23,371
Depreciation	527,998	8,780	263,284	50,733	—	850,795
Provisions/(reversal) of impairment:						
Trade and other receivables (including tariff adjustment receivables)	(526)	77,500	162	4,686	—	81,822
— inventory	—	63,398	—	6,746	—	70,144
— contract assets	—	(27,308)	—	—	—	(27,308)
Share of profit of investments accounted for using the equity method	—	34,783	—	—	—	34,783

3 SEGMENT INFORMATION *(Continued)*

A reconciliation of segment results to total profit for the year is provided as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Polysilicon production	**766,465**	397,976
ECC	**540,986**	709,217
BOO	**582,082**	566,030
Others	**252,828**	160,812
Total gross profit for reportable segments	**2,142,361**	1,834,035
Selling and marketing expenses	**(567,133)**	(402,723)
General and administrative expenses	**(646,148)**	(580,598)
Net impairment losses on financial assets and contract assets	**(250,323)**	(54,514)
Other income	**148,210**	84,219
Other gains — net	**671,342**	22,696
Finance expenses — net	**(552,918)**	(375,964)
Share of profit of investments accounted for using the equity method	**20,268**	34,783
Profit before income tax	**965,659**	561,934
Income tax expense	**(73,206)**	(45,141)
Profit for the year	**892,453**	516,793

3 SEGMENT INFORMATION *(Continued)*

The segment assets as of 31 December 2020 are as follows:

	Polysilicon production *RMB'000*	ECC *RMB'000*	BOO *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
As of 31 December 2020						
Segment assets	**21,522,056**	**17,855,841**	**17,416,586**	**3,476,421**	**(15,271,341)**	**44,999,563**
Investments accounted for using the equity method	**—**	**330,502**	**—**	**—**	**—**	**330,502**
	21,522,056	**18,186,343**	**17,416,586**	**3,476,421**	**(15,271,341)**	**45,330,065**
Unallocated assets						**258,819**
Total assets						**45,588,884**
Additions to non-current assets	**393,538**	**16,748**	**9,392,667**	**307,130**	**—**	**10,110,083**
As of 31 December 2019						
Segment assets	20,309,246	17,520,623	10,735,468	3,227,579	(10,931,542)	40,861,374
Investments accounted for using the equity method	300,000	344,967	—	—	—	644,967
	20,609,246	17,865,590	10,735,468	3,227,579	(10,931,542)	41,506,341
Unallocated assets						198,775
Total assets						41,705,116
Additions to non-current assets	1,575,357	45,524	1,655,348	516,565	—	3,792,794

3 SEGMENT INFORMATION *(Continued)*

Entity-wide information

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Provision of ECC services	**6,879,337**	4,691,610
Sales of goods	**6,357,859**	3,883,171
Provision of services other than ECC	**269,309**	147,332
	13,506,505	8,722,113

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
The PRC	**13,448,628**	8,567,151
Other countries	**57,877**	154,962
	13,506,505	8,722,113

For the year ended 31 December 2020, there was one external customer (2019: two) contributed more than 10% of the total revenue.

As of 31 December 2020 and 2019, all the Group's non-current assets, other than deferred income tax assets are primarily located in the PRC.

3 SEGMENT INFORMATION *(Continued)*

Assets and liabilities related to contracts with customers

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

	As of 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current contract assets relating to construction contracts	**2,070,633**	2,426,133
Loss allowance	**(4,671)**	(16,560)
Total contract assets	**2,065,962**	2,409,573
Total contract liabilities	**831,208**	1,039,916

The following table shows the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year	**1,011,555**	877,719

4 TRADE AND NOTES RECEIVABLE

	As of 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**4,623,606**	2,936,083
Notes receivable	**1,800,503**	1,078,993
	6,424,109	4,015,076
Less: provision for impairment	**(331,564)**	(141,224)
	6,092,545	3,873,852

4 TRADE AND NOTES RECEIVABLE *(Continued)*

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

	As of 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**1,868,921**	806,044
3 months to 6 months	**415,350**	231,813
6 months to 1 year	**451,659**	1,000,836
1 year to 2 years	**1,078,502**	502,988
2 years to 3 years	**460,141**	370,680
Over 3 years	**349,033**	23,722
	4,623,606	2,936,083

5 TRADE AND NOTES PAYABLE

	As of 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade payables	**3,938,764**	3,666,536
Notes payable	**6,128,377**	4,676,744
	10,067,141	8,343,280

The aging analysis of trade payables (based on the invoice date) is as follows:

	As of 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**2,921,201**	2,532,985
1 year to 2 years	**459,592**	660,810
2 years to 3 years	**318,970**	219,058
Over 3 years	**239,001**	253,683
	3,938,764	3,666,536

6 INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax expense	**221,904**	36,316
Deferred income tax expense	**(148,698)**	8,825
	73,206	45,141

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit before income tax	**965,659**	561,934
Tax expense calculated at statutory tax rate of 25%	**241,415**	140,484
Effect of difference between applicable preferential tax rate and statutory tax rate	**(86,889)**	(67,510)
Tax losses and other temporary differences for which no deferred tax assets were recognised	**17,772**	13,884
Utilisation of previously unrecognised temporary differences and tax losses	**(2,132)**	(6,251)
Income not subject to taxation	**(16,270)**	(8,136)
Expenses not deductible for taxation purposes	**7,694**	7,294
Tax credits and additional deduction entitlements	**(88,384)**	(34,624)
	73,206	45,141

Most of the companies now comprising the Group are subject to the 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 environmental protection capital expenditures eligible for tax credits and research and development expenses eligible for additional tax deduction.

7 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 2020.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	**695,370**	402,642
Weighted average number of ordinary shares in issue (thousands)	**1,200,000**	1,174,167
Basic earnings per share (RMB)	**0.58**	0.34

(b) Diluted

No dilutive effect on earnings per share for the years ended 31 December 2020 and 2019, as the Group had no dilutive potential ordinary shares.

8 DIVIDENDS

On the Board meeting held on 31 March 2021, the Board proposed, based on the total of 1,200 million shares in issue, payment of a final dividend of RMB0.10 per share for the year ended 31 December 2020 in an aggregated amount of RMB120,000,000. Such dividend is subject to the approval of the shareholders of the Company on the forthcoming annual general meeting. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements.

Final dividend of RMB0.06 per share for the year ended 31 December 2019, totalling RMB72,000,000 was approved in the annual general meeting of shareholders of the Company on 16 June 2020, and RMB24,965,000 has been paid as of 31 December 2020 (as of 31 December 2019: RMB62,412,000).

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF INDUSTRY DEVELOPMENT STATUS

In recent years, new energy, including wind power and photovoltaic ("**PV**"), has experienced constant and rapid development, taking the lead in the global energy transformation. Under the combined effect of technological innovation, practical innovation and large-scale promotion and application, the development and construction cost of PV and wind power generation projects has been reducing continuously, the new energy feed-in tariff gradually realized a steady decline, and some regions have already met the preliminary conditions of grid parity. In 2020, the Chinese government successively launched a number of policies to support the development of new energy. Our state leaders also announced the future development plan for new energy industry in China on many public occasions at home and abroad. China strives to reach the peak of carbon dioxide emission by 2030, and to achieve carbon neutrality by 2060. The wind power and PV industries have received unprecedented attention across the world, ushering in a new era of development.

1. Review of Major Policies in Relation to China's New Energy Industry

- On 20 January 2020, Ministry of Finance (the "**MOF**") of the People's Republic of China (the "**PRC**"), National Development and Reform Commission (the "**NDRC**") of the PRC and National Energy Administration (the "**NEA**") of the PRC jointly issued Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (《關於促進非水可再生能源發電健康發展的若干意見》), which indicates that renewable energy including PV and wind power have met the preliminary conditions of grid parity with traditional energy including coal power, requires the improvement of the current subsidy methods, and adheres to the principle of determining expenditures based on income to decide the scale of newly subsidized projects and the principle of increasing income and reducing expenditure to increase subsidy income in a variety of ways; it continues to promote the price reduction mechanism for onshore wind power, PV power stations and industrial and commercial distributed PV projects and allocates newly approved projects through competitive bidding; it optimizes the subsidy payment process to ensure that subsidies are paid in a timely manner on an annual basis, and encourages financial institutions to support enterprises included in the list of subsidized power generation projects in accordance with the principle of marketization.

- On 20 January 2020, the MOF, the NDRC and the NEA jointly issued the amended Measures for the Administration of Renewable Energy Tariff Additional Subsidies (《可再生能源電價附加資金管理辦法》), which clarifies the methods of calculation and issuance of subsidies for existing projects and new projects, adjusts the methods for calculating the demand for subsidies by power grid enterprises and relevant provincial departments, stipulates that plans will be made based on the level of subsidy growth, technological progress and industry development in the current year, reasonably determines the total amount of subsidies and the type and scale of new projects, fully guarantees the subsidy quota for the approved full-capacity grid connection projects, and gives priority for payment and scale support of subsidies for the existing projects that voluntarily convert to parity.

- On 5 March 2020, the NEA issued the Notice on the Issues Related to the Construction of Wind and PV Power Generation Projects in 2020 (《關於2020年風電、光伏發電項目建設有關事項的通知》), which requires to actively promote the construction of grid parity projects, reasonably determine the scale of projects requiring state subsidies, carry out the competitive allocation scheme, fully implement conditions for grids of power transmission and consumption, clarify that the consumption capacity is the prerequisite of new construction projects, and distribute rationally to prevent investment risk. Meanwhile, the notice requires the agencies dispatched by the NEA to strengthen follow-up supervision and local energy authorities to improve coordination with the departments of land, environmental protection and others to promote the reduction of non-technical costs and create a favorable environment for the development of wind and PV power generation.

- On 18 May 2020, the NDRC and the NEA jointly issued the Notice on Weight of Responsible Consumption of Renewable Energy for Each Provincial-level Administrative Region in 2020 (《各省級行政區域2020年可再生能源電力消納責任權重的通知》), which clarifies the minimum value and incentive value of the responsibility weighting of the total renewable energy consumption and non-hydro responsibility weighting of each province in 2020, and divides the responsibilities and tasks of each of the provincial energy authority, power grid company and each agency dispatched by the NEA to promote the construction of renewable energy power in each administrative region, conscientiously accomplish grid connection and consumption of renewable energy power, cross-provincial and cross-regional transmission and various market transactions.

- On 29 September 2020, the MOF, the NDRC and the NEA jointly issued the Supplementary Notice on Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (《關於<關於促進非水可再生能源發電健康發展的若干意見>有關事項的補充通知》), which determined the reasonable utilization hours of the whole life cycle of the wind power, PV and biomass projects, respectively. Any power generated in excess of the eligible total lifetime subsidy is no longer entitled to central government subsidy, and in which case green certificates would be issued and trading of green certificates is allowed.

2. Review of Development Status of the Polysilicon Industry

According to the statistics of China Nonferrous Metals Industry Association Silicon Industry Branch (中國有色金屬工業協會硅業分會) (the "**Silicon Industry Branch**"), as at the end of 2020, the effective capacity of global polysilicon reached approximately 563,000 tons, representing a decrease of approximately 96,000 tons as compared with the same period last year. In 2020, the global polysilicon production capacity reached approximately 525,000 tons with the total demand of approximately 543,000 tons. China had a polysilicon output of approximately 396,000 tons in 2020. Its net import of polysilicon was approximately 100,000 tons with total demand of approximately 509,000 tons. Therefore, all of the above indicated a situation of global and nation-wide polysilicon market where the supply was less than the demand in 2020.

From the perspective of specific price change, in the first half of 2020, impacted by the COVID-19 pandemic (the "**Pandemic**"), the terminal demand for PV installations has decreased, and the price of polysilicon continued to fall sharply and hit a record low in May, representing the prices of monocrystalline dense materials and clean silicon materials only amounted to RMB58,400/ton and RMB29,700/ton, respectively. In the second half of 2020, on the one hand, many polysilicon companies successively carried out large-scale unscheduled overhaul, leading to a sharp decline of domestic supply; on the other hand, China has introduced favorable PV policies, which has enabled the industry insiders to predict that PV demand will continue to increase in the future, accelerating and driving the capacity expansion of silicon wafer, and demonstrating steady growth for the demand of polysilicon. Under the combined effect of supply and demand, the price of polysilicon in China recovered its growth after hitting a record low, and gradually rebounded to RMB84,000/ton at the end of the year. In 2020, the average price of solar monocrystalline dense materials was RMB76,100/ton, which was basically in line with the same period last year, and the average price of clean silicon materials was RMB48,000/ton, representing a decrease of 21.2% as compared with the same period last year.

3. Review of China's Development Status of the PV Power Generation Industry

According to statistics from the NEA, newly installed PV power generation capacity in China was 48.20GW in 2020, representing a year-on-year increase of 60.13%, of which newly installed capacity of centralised power stations was 32.68GW, representing a year-on-year increase of 82.57%; newly installed capacity of distributed PV was 15.52GW, representing a year-on-year increase of 27.21%. As at the end of 2020, China's total installed PV power generation reached 253GW.

In 2020, China's PV power generation was 260.5 billion kWh, representing a year-on-year increase of 16.1%; the average utilisation hours of such power were 1,160 hours, representing a year-on-year decrease of 9 hours. The PV power curtailment of China was 5.26 billion kWh with the average utilization rate of 98% and the average PV power curtailment rate of 2%, which was basically in line with the same period last year. The curtailment rates of northwest China where consumption problem is relatively prominent, reduced to 4.8%, representing a year-on-year decrease of 1.1 percentage points. In particular, the curtailment rates of Xinjiang and Gansu further reduced to 4.6% and 2.2%, respectively, representing a year-on-year decrease of 2.8 and 2.0 percentage points respectively.

4. Review of China's Development Status of the Wind Power Generation Industry

According to the statistics from the NEA, the newly installed wind power capacity for grid connection in China was 71.67GW in 2020, representing a year-on-year increase of 178.44%, of which newly installed capacity of onshore wind power was 68.61GW and newly installed capacity of offshore wind power was 3.06GW. At the end of 2020, the accumulative installed wind power capacity for grid connection in China reached 281GW.

In 2020, the output of wind power in China was 466.5 billion kWh, representing a year-on-year increase of approximately 15%. The average utilisation hours of such power stations were 2,097 hours, representing a year-on-year increase of 15 hours; the wind power curtailment in China was approximately 16.6 billion kWh with the average utilisation rate of 97%, representing an increase of one percentage point as compared with the same period last year. The average curtailment rate was 3%, representing a year-on-year decrease of one percentage point as compared with the same period last year, the decrease is particularly notable in Xinjiang, Gansu, and western Inner Mongolia where the curtailment rates were 10.3%, 6.4% and 7%, respectively, with a year-on-year decrease of 3.7, 1.3, and 1.9 percentage points, respectively.

II. PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

During the Reporting Period, although the Pandemic has temporarily affected the development of the new energy industry, the low-carbon energy transition is an irresistible trend. The subsidies for new energy electricity price were reduced at a faster pace, and the newly installed PV and wind power capacity has exceeded expectations; the price of polysilicon surged following a drop, as affected by the supply and demand in the market and recovered its growth after hitting a record low. Confronted with the complex and ever-changing external environment, the Group rose up to challenges and took high-quality development as its fundamental requirement to continuously improve product output and quality, reduce costs and steadily advance the construction and transfer of power stations, and achieved good results. During the Reporting Period, the Group achieved revenue of RMB13,506.51 million and the profits attributable to owners of the Company of RMB695.37 million, representing an increase of 54.85% and 72.70% respectively over the corresponding period of last year.

1. Polysilicon Production

During the Reporting Period, the Group placed the emphasis on improving equipment operation efficiency and internal and external product quality through technological innovation and process optimization, reducing raw material and energy consumption, and increasing the proportion of monocrystalline silicon materials. During the Reporting Period, the Group's sales amount of the polysilicon with recognised revenue was 66,300 tons, representing an increase of approximately 86.91% over the corresponding period of last year, mainly attributable to the capacity release of 36,000-ton/year high-purity polysilicon industrial upgrade project (the "**36,000-ton Polysilicon Project**"). At the same time, by improving the extension of polycrystalline silicon industrial chain and accelerating the operation of projects of organic silicon and zirconium-based materials, the Group continued to establish the industrial cluster advantages and constantly enhanced the core competitiveness.

In September and December 2020, the Group entered into the sales framework agreements with downstream customers including Donghai JA Solar Technology Co., Ltd. (東海晶澳太陽能科技有限公司) and the subsidiaries of LONGi Green Energy Technology Co., Ltd. (隆基綠能科技股份有限公司), which stipulated the sales of polysilicon amounting to 97,200 tons and 270,000 tons to the above clients respectively, from 2021 to 2025. The entering into of above sales framework agreements will facilitate the Group's stable sales of polysilicon products, safeguard its daily operations, and further enhance the Group's position in the new energy industry.

2. Development of Wind and PV Power Resources

In 2020, closely following the national policies and adhering to the strategic concept of "Simultaneous Development of Wind and PV Power Generation", the Group focused on the allocation of grid parity and competitive bidding for grid connection projects in Guizhou, Shanxi, Jiangsu and Hebei, captured centralized projects while taking into account distributed and decentralized projects, and actively obtained project development qualification. In 2020, the Group obtained bidding and parity grid connection project indicators of over 2GW.

During the Reporting Period, the Group overcame various difficulties such as the Pandemic, the rush installation in the wind power industry and construction in severe winter, the Group vigorously promoted the construction PV and wind power model projects, strengthened the process quality control, and continuously reduced construction costs via technological innovation. Among them, the 300MW PV parity project in Jiaokou County of Shanxi Province invested and constructed by the Group by utilizing the comprehensive land utilization concept of combining flat land and sloping land in the coal mining reclamation area adopted flexible support for the first time and large-slope and large-span slope support technology in the process of construction can resist wind damage, ensure safety and durability, and effectively reduce the overall construction cost of the project. Meanwhile, relying on intelligent products such as the E-cloud platform, intelligent monitoring, analysis and prediction system and centralized operation and maintenance system of power stations, the Group established an intelligent service platform to support the remote operation and maintenance of power generating equipment and new energy power stations to enhance the operation and maintenance service capabilities of power stations and continuously improve the market competitiveness of the Group.

During the Reporting Period, the Group completed approximately 2GW for PV and wind power projects with recognized revenue and gains.

3. Power Plant Operation — BOO Projects

In 2020, the Group continued to promote the construction of wind power projects of the ultra-high voltage transmission lines base in Xiliin Gol League, Inner Mongolia and Zhundong, Xinjiang with high quality, leading the quality of the construction of project in strict accordance with model project standards, and striving to create high-quality electric projects in the industry. At the same time, the Group promoted centralized operation and maintenance management of power stations through the construction of two centralized control centers in Inner Mongolia and Xinjiang, remotely dispatched stations and adopted unified data standards, so as to realize functions including large-scale data storage, high-performance computing, data mining as well as comparison and analysis of data from multiple stations, timely identify and solve potential risks, enhance the intelligent operation and maintenance, and further increase the operating income of BOO projects.

As at 31 December 2020, the Group had a total scale of 830 MW BOO projects which had realized revenue from power generation.

4. Driving the Company's Sustainable Development with Scientific and Technological Innovation

The Group adhered to scientific and technological innovation and actively facilitated the application of new technologies to ensure the Group's healthy and sustainable development in the long run.

In terms of polysilicon production, through the implementation of innovative projects such as reduction process, optimization of cold hydrogenation system, recovery of tail gas, cleaning of silicon material and cost accounting modelling, the Group managed and controlled the entire process, including the internal and external quality of polysilicon and various cost components, and combined with the recovery of waste liquid and waste gas from polysilicon production through industrial chain extension projects, to further improve product quality and increase the proportion of electronic-grade polysilicon. In 2020, the Group was awarded the first and second prize of "Fourth Session of Patent Award in the Xinjiang Uygur Autonomous Region" (第四屆新疆維吾爾自治區專利獎) for the project of "An optimization method for combustion in a boiler with mixed combustion of Zhundong coal" and "A Method to Hydrogenate Silicon Tetrachloride"; and the second prize of 2020 China Nonferrous Metals Industry Science and Technology Award (2020年度中國有色金屬工業科學技術獎) for the project of the "Solar-grade Polysilicon Quality Improvement and Standard Establishment" (《太陽能級多晶硅質量提升及標準建立》).

In terms of the development of wind and PV power resources, the Group promoted the refined control of the complete life cycle of power station projects through the application of new technology and the industrialization of scientific and technological achievements, conducted dynamic management and control through project estimation, design budget, equipment procurement, and project settlement, etc.. The Group made key exploration on new technologies such as PV flexible support bracket and PV system design with complex terrain, completed the development and application of PV economy comparison software, and carried out optimized design of wind turbine foundation, power transmission and transformation equipment foundation, to reduce project construction costs and enable parity and bidding projects to achieve optimal benefits. Meanwhile, the Group improved the intelligent operation and maintenance measure such as the remote monitoring function of E-cloud platform, and managed to efficiently identify and screen failures of power stations to improve their operation and maintenance and reduce the cost of power generation. At the same time, the Group conducted 12 management innovation research on topics focusing on power routers, energy storage converters, energy management system technology, etc., to continuously enhance the Group's competitiveness.

The UHV flexible direct current converter valve successfully developed by the Group adopted a series of non-locking overhead flexible direct current transmission technology, which was applied in the Kunliulong direct current project, national UHV multi-terminal direct current demonstration project during the Reporting Period. The successful delivery of such product demonstrated the world-leading delivery capabilities and operational quality of the Group's converter valve products in the design, production, installation, commissioning, on-site problem solving and other life cycle projects.

During the Reporting Period, the Group achieved fruitful results in technological innovations. A total of 124 applications for patents and technical secrets were submitted with 101 applications granted. As of the end of 2020, the Group had a total of 567 domestic patents and 7 international patents. It has participated in the formulation of 70 standards, including 3 international standards, 38 national standards and 29 industry standards.

5. Focusing on Safety to Ensure Healthy Business Development

With "the prevention of risks, elimination of hidden dangers, restraint of accidents and enhancement of foundation" as the main line, and closely centering on the HSSE (health, safety, security and environmental protection) management system "based on behavior safety, focusing on process and equipment safety and controlled production management", the Group promoted safety production in an all-round manner.

In 2020, with "Eliminating Accidents and Hidden Hazards and Consolidating the Safety Line of Defence" as our overall thought, the Group improved the safety production management system, took into account the Pandemic prevention and control and production and operation, refined prevention and control measures, implemented safety responsibilities at each and every level, and promoted the construction of a dual prevention mechanism for risk grading control and potential hazard identification and management. The full operation of the system regulating the promotion of safe production through informationization means, managed abnormal data, comprehensively monitored major dangerous source and key areas, and realized early warning and information linkage to improve the stable operation rate of production.

6. Strengthening Talent Team Building to Improve Comprehensive Competitiveness

In 2020, by upholding the talent concept of "establishing a professional enterprise and strengthening the enterprise with talents", the Group adhered to the concept of creation and sharing featured by "people-oriented and win-win situation between staff and enterprises". Oriented on priority to benefit and business development, the Group actively built performance-driven incentive mechanism to develop a professional team that was active, upheld professionalism and innovation. The Group matched strategic development through organizational changes, optimized the establishment of departments and business divisions, strengthened its ability of developing core business, and improved management and production efficiency; by carrying out our remuneration system optimization and career development channel projects and taking full career cycle management of talents as the main line, the Group established a large pool of talents, formulated a special training plan for potential employees, and improved the comprehensive management capabilities of employees through rotation, mentorship, job practice, and action and study; driven by performance indicators, the Group linked performance with employee compensation, job promotion, ranking adjustment and evaluation of the employees, to specify the development path of employees, increase the enthusiasm of employees and achieve mutual development with the Company.

III. OPERATING RESULTS AND ANALYSIS

Financial Review:

Business Performance Table

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**13,506,505**	8,722,113
Cost of sales	**(11,364,144)**	(6,888,078)
Gross profit	**2,142,361**	1,834,035
Other income	**148,210**	84,219
Other gains — net	**671,342**	22,696
Selling and marketing expenses	**(567,133)**	(402,723)
General and administrative expenses	**(646,148)**	(580,598)
Finance expenses — net	**(552,918)**	(375,964)
Share of profit of investments accounted for using the equity method	**20,268**	34,783
Profit before income tax	**965,659**	561,934
Income tax expense	**(73,206)**	(45,141)
Profit attributable to the owners of the Company	**695,370**	402,642
Profit attributable to the non-controlling interests	**197,083**	114,151

Revenue

The Group generates revenue mainly from three business segments, including polysilicon production, ECC and BOO. For the year ended 31 December 2020, the revenue of the Group was RMB13,506.51 million, representing an increase of RMB4,784.39 million or 54.85% from RMB8,722.11 million in the corresponding period of last year. This was mainly attributable to the capacity release of the Group's 36,000-ton Polysilicon Project during the Reporting Period, the increase in product sales and the increase in the scale of the ECC business.

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Business Segments		
Polysilicon production	**3,985,424**	2,229,525
ECC	**7,011,748**	4,985,807
BOO	**886,934**	829,464
Others	**1,622,399**	677,317
Total revenue	**13,506,505**	8,722,113

For the year ended 31 December 2020, the revenue of polysilicon production segment was RMB3,985.42 million, representing an increase of RMB1,755.90 million or 78.76% from RMB2,229.53 million in the corresponding period of last year, mainly attributable to the increase in the sales of products due to the capacity release of the Group's 36,000-ton Polysilicon Project during the Reporting Period.

For the year ended 31 December 2020, the revenue of ECC segment was RMB7,011.75 million, representing an increase of RMB2,025.94 million or 40.63% from RMB4,985.81 million in the corresponding period of last year, which was mainly due to the increase in the scale of the Group's transferred PV and wind power projects during the Reporting Period.

For the year ended 31 December 2020, the revenue of BOO segment was RMB886.93 million, representing an increase of RMB57.47 million or 6.93% from RMB829.46 million in the corresponding period of last year, mainly attributable to the increase in scale of the Group's BOO projects which resulted in increased capacity of power generation during the Reporting Period.

Cost of sales

For the year ended 31 December 2020, the cost of sales incurred by the Group was RMB11,364.14 million, representing an increase of RMB4,476.07 million or 64.98% from RMB6,888.08 million in the corresponding period of last year, which was mainly due to the increase in the revenue of the Group during the Reporting Period.

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Business Segments		
Polysilicon production	**3,218,959**	1,831,549
ECC	**6,470,762**	4,276,590
BOO	**304,852**	263,434
Others	**1,369,571**	516,505
Total cost	**11,364,144**	6,888,078

For the year ended 31 December 2020, the cost of sales incurred by polysilicon production segment was RMB3,218.96 million, representing an increase of RMB1,387.41 million or 75.75% from RMB1,831.55 million in the corresponding period of last year, which was mainly due to the increase in costs resulting from the increase in sales arising from the capacity release of the 36,000-ton Polysilicon Project during the Reporting Period.

For the year ended 31 December 2020, the cost of sales incurred by ECC segment was RMB6,470.76 million, representing an increase of RMB2,194.17 million or 51.31% from RMB4,276.59 million in the corresponding period of last year, which was mainly due to the increase in the cost resulting from the increase in the scale of the Group's transferred PV and wind power projects during the Reporting Period.

For the year ended 31 December 2020, the cost of sales incurred by BOO segment was RMB304.85 million, representing an increase of RMB41.42 million or 15.72% from RMB263.43 million in the corresponding period of last year, mainly attributable to the increase in the cost resulting from the increase in the scale of the Group's BOO projects with achieved power generation during the Reporting Period.

Gross profit and gross profit margin

For the year ended 31 December 2020, the gross profit of the Group was RMB2,142.36 million, representing an increase of RMB308.33 million or 16.81% from RMB1,834.04 million in the corresponding period of last year, which was mainly attributable to the capacity release of the Group's 36,000-ton Polysilicon Project during the Reporting Period and the increase in product sales; the comprehensive gross profit margin was 15.86%, representing a decrease of 5.17 percentage points over the corresponding period of last year, which was mainly due to the transfer of the certain PV and wind power projects by the Group during the Reporting period. Such power stations were under commercial operation during the previous years and part of the gross profit was realized through revenue from the power generation, which resulted in the decrease of certain power stations' gross profit margin when transferred.

Other income

For the year ended 31 December 2020, other income of the Group was RMB148.21 million, representing an increase of RMB63.99 million or 75.98% from RMB84.22 million in the corresponding period of last year, which was mainly due to the increased amortization of government grants of the Group during the Reporting Period.

Other gains — net

For the year ended 31 December 2020, the net other gains of the Group were RMB671.34 million, representing an increase of RMB648.65 million or 2,857.97% from RMB22.70 million in the corresponding period of last year, which was mainly due to the gains from disposal of certain PV and wind power projects by the Group during the Reporting Period.

Selling and marketing expenses

For the year ended 31 December 2020, the selling and marketing expenses of the Group were RMB567.13 million, representing an increase of RMB164.41 million or 40.82% from RMB402.72 million in the corresponding period of last year, which was mainly due to the increase in marketing expenses resulting from the Group's intensified efforts to develop the market during the Reporting Period.

General and administrative expenses

For the year ended 31 December 2020, the general and administrative expenses of the Group were RMB646.15 million, representing an increase of RMB65.55 million or 11.29% from RMB580.60 million in the corresponding period of last year, which was mainly due to the increase in the research and development ("**R&D**") expenses of the Group's products during the Reporting Period.

Finance expenses — net

For the year ended 31 December 2020, the net finance expenses of the Group was RMB552.92 million, representing an increase of RMB176.95 million or 47.07% from RMB375.96 million in the corresponding period of last year, which was mainly due to the increase in interest expenses resulting from the completion of the 36,000-ton Polysilicon Project of the Group during the Reporting Period.

Share of profit of investments accounted for using the equity method

For the year ended 31 December 2020, the profit of investments accounted for using the equity method of the Group was RMB20.27 million, representing a decrease of RMB14.52 million or 41.73% from RMB34.78 million in the corresponding period of last year, which was mainly due to the partial disposal of associates by the Group during the Reporting Period.

Income tax expense

For the year ended 31 December 2020, the income tax expense of the Group was RMB73.21 million, representing an increase of RMB28.07 million or 62.17% from RMB45.14 million in the corresponding period of last year, which was mainly due to the increase in the Group's profit before income tax as compared with the corresponding period last year during the Reporting Period.

Profit attributable to the owners of the Company

For the year ended 31 December 2020, the profit attributable to the owners of the Company was RMB695.37 million, representing an increase of RMB292.73 million or 72.70% from RMB402.64 million in the corresponding period of last year, which was mainly due to the increase in the Group's profit before income tax as compared with the corresponding period last year during the Reporting Period.

Profit attributable to the non-controlling interests

For the year ended 31 December 2020, the profit attributable to the non-controlling interests of the Group was RMB197.08 million, representing an increase of RMB82.93 million or 72.65% from RMB114.15 million in the corresponding period of last year, which was mainly due to the increase in the profit of Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司) and TBEA Xinjiang New Energy Co., Ltd. (特變電工新疆新能源股份有限公司), the subsidiaries of the Group during the Reporting Period.

Cash Flows

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Net cash generated from/(used in) operating activities	**2,278,636**	(1,474,301)
Net cash used in investing activities	**(7,021,674)**	(4,312,886)
Net cash generated from financing activities	**3,784,153**	4,673,221
Net decrease in cash and cash equivalents	**(958,885)**	(1,113,966)

Net cash generated from/(used in) operating activities

For the year ended 31 December 2020, the net cash generated from operating activities of the Group was RMB2,278.64 million, representing an increase of RMB3,752.94 million from the net cash used in operating activities of RMB1,474.30 million in the corresponding period of last year, which was mainly due to the increase in the operating cash payment resulting from the increase in the sales revenue of polysilicon and in the scale of the ECC business of the Group during the Reporting Period.

Net cash used in investing activities

For the year ended 31 December 2020, the net cash used in investing activities of the Group was RMB7,021.67 million, representing an increase of RMB2,708.79 million or 62.81% from RMB4,312.89 million in the corresponding period of last year, mainly attributable to the increase in the construction expenditure of the Group's BOO projects during the Reporting Period.

Net cash generated from financing activities

For the year ended 31 December 2020, the net cash generated from financing activities of the Group was RMB3,784.15 million, representing a decrease of RMB889.07 million or 19.02% from RMB4,673.22 million in the corresponding period of last year, which was mainly due to the fact that the net increase in the Group's borrowings was less than that of the financing amounts resulting from the issuance of domestic shares by the Company and the funds injection to the subsidiary of the Group by BOCOM Financial Asset Investment Co., Ltd. in the corresponding period of last year.

Operation Fund

	As of 31 December	
	2020	2019
Cash and cash equivalents at the end of the year (RMB'000)	**1,773,792**	2,747,045
Gearing ratio	**86.55%**	87.25%
Inventory turnover rate (times)	**4.29**	2.31
Inventory turnover days (days)	**83.92**	155.56

As of 31 December 2020, the cash and cash equivalents of the Group were RMB1,773.79 million (31 December 2019: RMB2,747.05 million).

The required capital fund of the BT and BOO businesses in which the Group is engaged generally accounts for 20%-30% of the total investment of a project, the rest of which is mainly bank loans that could materially affect the Group's gearing ratio. As of 31 December 2020, the gearing ratio of the Group was 86.55% while that as of 31 December 2019 was 87.25%. The gearing ratio was calculated by dividing its net debts by total equity, and net debts was calculated by deducting restricted bank balances and cash balances at bank from total interest-bearing liabilities.

BT projects under construction and completed pending for transfer were included in the inventory item, and whether BT projects can be transferred in time is significantly important for the Group's inventory turnover rate and turnover days. The inventory turnover rate and turnover days of the Group were 4.29 times and 83.92 days on 31 December 2020, respectively, and the inventory turnover rate and turnover days of the Group were 2.31 times and 155.56 days on 31 December 2019, respectively.

By virtue of the stable cash inflow from the daily business operations and fund generated from financing business, the Group has sufficient resources to support future expansion.

Capital expenditure

For the year ended 31 December 2020, the material capital expenditure of the Group incurred from the purchase of property, plant and equipment was RMB6,339.71 million.

Pledge of assets

As of 31 December 2020, secured short-term bank borrowings with amount of RMB16,470,000 were pledged with the Group's certain land use rights and property, plant and equipment; secured short-term bank borrowings with amount of RMB13,572,000 represented proceeds received under trade receivable factoring agreements with recourse with banks; secured long-term bank borrowings with amount of RMB11,588,800,000 were guaranteed by TBEA and the Company, and pledged with the Group's certain inventory, land use rights, property, plant and equipment and certain receivable collection right, respectively; secured long-term bank borrowings with amount of RMB300,000,000 were pledged with notes receivable from certain subsidiaries; secured long-term other borrowings with amount of RMB199,500,000 were guaranteed by the bank credit; secured long-term other borrowings with amount of RMB900,000,000 were pledged with certain property, plant and equipment and certain receivable collection right.

Capital liquidity

As of 31 December 2020, current assets of the Group amounted to RMB16,548.51 million, among which, RMB1,773.79 million was cash and cash equivalents; RMB6,092.55 million was trade and notes receivable, primarily consisting of receivables of ECC, receivable of power generation and sales of inverters; and RMB1,492.62 million was other current assets, primarily consisting of deductible VAT and prepayments to customers.

As of 31 December 2020, current liabilities of the Group amounted to RMB16,263.65 million, including RMB10,067.14 million of trade and notes payable, primarily consisting of payables for purchase of PV and wind power projects equipment, laboring, materials, coal fuels, and polysilicon producer goods; RMB3,271.98 million of provisions and other payables, primarily consisting of payables relating to purchase of property, plant, and equipment; and RMB1,983.68 million of short-term borrowings.

As of 31 December 2020, net current assets of the Group amounted to RMB284.86 million, representing a decrease of RMB1,678.96 million as compared with the net current assets of RMB1,963.82 million as of 31 December 2019. The current ratio was 101.75% as of 31 December 2020, representing a decrease of 11.89 percentage points as compared with the current ratio of 113.64% as of 31 December 2019. Restricted cash and term deposits with initial term of over three months amounted to RMB1,904.46 million, mainly including deposits for bills and issuance of the letter of credit.

The liquidity risks of the Group were controlled by the ample cash and available funds, which were maintained by sufficient credit financing undertaken. The Group satisfied its operating capital demand through funds from operation and bank borrowings.

Borrowings and notes payable

As of 31 December 2020, the Group's balance of the borrowings and notes payable amounted to RMB22,357.47 million, representing an increase of RMB1,591.51 million as compared with the balance of the borrowings and notes payable of RMB20,765.96 million as of 31 December 2019. As of 31 December 2020, the Group's outstanding borrowings and notes included short-term borrowings and notes payable of RMB8,112.06 million (including long-term borrowings due within one year of RMB1,403.64 million and notes payable of RMB6,128.38 million), and long-term borrowings amounting to RMB14,245.41 million.

Credit risk

Credit risk is managed on a group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for their respective new customers before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, restricted cash and term deposits with initial term of over three months, trade and notes receivable, tariff adjustment receivables, contract assets, other receivables and long-term receivables. The Group assesses the credit quality of its customers taking into account various factors including their financial position, past experience, and other factors.

Contingent liabilities

For the year ended 31 December 2020, the directors of the Company did not foresee that any material liabilities would arise from the contingent liabilities other than those provided in the consolidated financial statements.

Employees, remuneration, retirement and employees benefit scheme

As of 31 December 2020, the Group had 4,436 employees in total, including 921 management personnel, 248 technicians and 2,861 production personnel. During the Reporting Period, the Group paid employees remuneration of RMB1,007.08 million in aggregate.

In accordance with regulations applicable to enterprises and the relevant requirements of all levels of local governments where the Company operates, the Group provided pension insurance, employees' medical insurance, unemployment insurance, maternity insurance and work injury insurance. In addition, the Group also provided supplementary business insurance and flexible insurance benefits to all employees for a diverse protection. In accordance with applicable PRC laws and regulations, the amount of contributions to the aforesaid social insurance is strictly based on the national, provincial, autonomous region and municipal requirements of the PRC. The Group also established an employee housing fund in accordance with applicable PRC regulations.

Material acquisition and disposal of subsidiaries, associates and joint ventures

During the Reporting Period, the Group had no material acquisition and disposal of assets of relevant subsidiaries or associates.

Future plans for material investment or capital asset

Except for those disclosed in this announcement, the Group did not have any future plans for material investment or capital asset as of 31 December 2020.

Significant investments

During the Reporting Period, the Group had no significant investments.

Foreign exchange risk

Most of the Group's business is located in China and is traded in RMB. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The Directors believe that the exposure of the foreign exchange risk of the Group is minimal, and will not have material adverse impact on the financial position 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.

Interest rate risk

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

Events after balance sheet date

At the first extraordinary general meeting of 2021 held on 25 March 2021, the Company was approved by the Shareholders to proceed with the 100,000-ton-per-annum high-purity polysilicon green energy circular economy construction project in Shangejia Chemical Park, a new type industrial park zone in Tumed Right Banner, Baotou City, Inner Mongolia Autonomous Region in the PRC (the "**100,000-ton Polysilicon Project**"). Please refer to the announcements of the Company dated 8 February 2021 and 1 March 2021 and the circular dated 5 March 2021 for the details.

On 31 March 2021, the Board has reviewed and approved to recommend a final dividend in the total amount of RMB120,000,000 (tax inclusive) for the year ended 31 December 2020, payable to shareholders whose names appear on the register of members of the Company at the close of business on 30 June 2021. Based on 1,200,000,000 ordinary shares of the Company in issue, such a final cash dividend would amount to RMB0.10 per share (tax inclusive), after appropriations to the statutory surplus reserve according to the relevant regulations.

IV. PROSPECTS

Market Prospects

On 12 December 2020, Xi Jinping, President of China, emphasized at the virtual Climate Ambition Summit that by 2030 China will lower its carbon dioxide emissions per unit of GDP by over 65% from the 2005 level, increase the share of non-fossil fuels in primary energy consumption to around 25%, increase the forest stock volume by 6 billion cubic meters from the 2005 level, and total installed capacity of wind and solar power will increase to over 1.2 billion kilowatts.

As the position of new energy in the field of energy and power is further clarified, the world will continue to promote the revolution on energy production and consumption, vigorously improve energy utilization efficiency, and accelerate the transformation of the energy structure to a clean and low-carbon energy. The new energy industry will play a more active and important role in promoting China's energy transformation and fulfilling its commitment to address climate change. The broad market prospects will bring good development opportunities for the development of new energy industry.

Business Plan in 2021

The year of 2021 is a critical year for China's new energy industry to enter into the era of grid parity. It is also the starting year of the "14th Five-Year Plan". Based on the new development stage, the Group will implement new development concepts and adapt to the new development pattern. By taking high-quality development as the main line, and reform and innovation as effective means, the Group will strengthen the development of high-quality talent teams, comprehensively improve the level of operation and management, continuously enhance customer satisfaction with products, technologies and services, so as to better promote the development of the world's green energy industry. The Group is committed to becoming a world-leading green smart energy service provider.

1. Safety-oriented, ensuring the healthy development of enterprises

In July 2020, the Department of Safety Supervision and Administration of Hazardous Chemicals of the Ministry of Emergency Management of the PRC reminded the safety risks of silicon manufacturers, requiring manufacturers involving polysilicon, organosilicon, chlorosilane and other manufacturers to strengthen the potential hazard identification, improve prevention and control measures, and exert strict control over the safety of key processes.

In 2021, the safety production situation remains severe. The Group will adhere to the premise of strictly controlling the Pandemic in its operations, firmly establish safety awareness, and continuously improve its safety risk management and control abilities. Meanwhile, it will also mobilize all staff to conduct risk identification and investigation from bottom to top, organize a professional evaluation team to conduct in-depth analysis and assessment, classified management and control from top to bottom. It will formulate risk control measures according to different dimensions, to complete the identification and control of management risk. At the same time, the Group will strengthen the daily monitoring of major hazards and key areas, implement the long-term responsibility system, build a major hazard safety management and control mechanism with clear responsibilities, strict management, effective measures and strong emergency response, and overcome safety management shortcomings in the process of production and construction. The Group will continue to promote the implementation of safety management informatization construction plans to perform functions such as safety inspections, operation permit management, potential hazard identification and management, environmental protection monitoring, etc., and strengthen refined management, operation and working control through informatization methods, and ensure safe and stable production and operation.

2. Speeding up the construction of new projects to improve core competitiveness

With the improved competitiveness of China's polysilicon industry, polysilicon manufacturers move their production lines to China with a well-defined oligopoly competition pattern, and companies that do not have advantages in cost and quality, will find it difficult to have sustainable development in the industry in the medium and long term.

In order to seize the market opportunities arising from the rapid development of the global new energy industry, the Group will further reduce its production costs and improve product quality through technological innovation and large-scale production, to further enhance the core competitiveness of the Group's polysilicon products and increase profitability. The Group will develop 100,000-ton Polysilicon Project in Baotou City of Inner Mongolia. According to the project design and approval documents, and land acquisition, the 100,000-ton Polysilicon Project is scheduled to commence construction in the first half of 2021, and will be put into production after 18 to 24 months of construction. The quality of all polysilicon products will reach electronic grade purity that can meet the production needs of N-type silicon wafers in batches. The Group will complete the project design with high standards, and guide the project construction in strict accordance with the design plan, technical standards and construction standards to ensure that the project can quickly achieve full production upon being put into production and record long-term and steady operation.

3. ***Deepening the production and quality improvement of polysilicon to constantly reduce cost and realize high-quality development***

In 2021, the Group will continue to promote production and quality improvement through the optimization of technological process and product R&D innovation, continuously reduce costs and consolidate core competitiveness, to ensure its sound and sustainable development, thereby promoting the high-quality development of the Group's polysilicon industry. In terms of quality improvement, the Group will continue to promote quality management improvements, formulate strict quality control plans, further optimize process control parameters, continuously improve the internal and external quality of polysilicon products, to increase the proportion of monocrystalline and enhance the development and market promotion of N-type monocrystalline materials. In terms of production improvement, the Group will continue to tap into the existing production potential, further promote small reforms targeted at production equipment and process bottlenecks, and improve production efficiency through digital transformation and supplement of production equipment, to maximize production. In terms of cost reduction, the Group will promote process optimization to achieve effective reduction of core indicators such as main materials and electricity consumption, and continue to optimize polysilicon production costs. At the same time, the Group will gradually improve the green loop economy industry model, focus on the silicon industry, continue to build and improve the industry chain combining polysilicon with new energy loop industry, and gradually build the ecological cluster advantages of energy and chemical material industry, promote the inherent quality and comprehensive cost reduction of polysilicon, and lay a solid foundation for the development of "horizontal expansion and vertical exploration".

4. ***Following the guidance of the industry policy and steadily promoting the development and construction of wind and PV power resources***

In respect of the development of wind and PV power resources, by closely following the "14th Five-Year Plan" proposed by the state and regional strategic energy plan, and making key arrangements for large base projects through centering on the construction of UHV transmission channels, the Group will conduct in-depth study of the market development characteristics during the transition period of grid parity, make timely and appropriate decision and promote strategic market development layout. Emphasis should be put on analyzing the impact of land nature and consumption space on the value of regional market development. Subject to risk costs of scientific argument, the Group will preferentially choose to obtain complementary resources of agriculture, forestry, animal husbandry and fishery, and gather advantageous resources to quickly access conditional and income-guaranteed grid parity project.

The Group will be in accordance with the management principle of "conducting scientific overall planning, being rigorous and meticulous", and reasonably arrange project design, equipment procurement, construction and installation according to the schedule. By fully leveraging the construction of demonstration project and building physical project guided by the demonstration project, the Group will steadily advance the construction of ECC projects, speed up the elimination, commissioning and consolidation of BOO projects in the two major bases in Xiliin Gol League of Inner Mongolia and Zhundong of Xinjiang. The scale of BOO projects which will realize revenue from power generation by the end of 2021 is expected to exceed 2GW, and contribute stable electricity income as soon as possible, to further enhance the Group's profitability.

5. Strengthening scientific and technological innovation to boost enterprise development

Based on the development concept of "green, circular, synergy, symbiosis and win-win results", the Group continuously improved the competitiveness of its products and services, guided by technological innovation.

In terms of polysilicon production, the Group will continue to focus on the research of smart factories and process optimization processes, reduce complete life cycle costs by improving information construction and optimizing processes, and focus on accelerating the development, transformation and application of core technology research and technological achievements such as electronic grade-level-1 polysilicon, N-type monocrystalline materials, production process optimization, continuous silane preparation process, silicon nitride powder and products, etc., and continuously improve the market competitiveness of products to achieve high-quality, informatization, and sustainable innovative development through the construction of digital power plants, MES (Manufacturing Execution System) and HSSE systems.

In terms of the development, operation and maintenance of wind and PV power resources, the Group will focus on the solution supply of the lowest cost plan for the project's entire life cycle, establish a whole-process management system on quality and cost, improve the standardization and modularity of design and R&D, reduce project construction costs, and ensure project construction quality. At the same time, the Group will continue to promote innovation in cross-industry integration fields such as intelligent integration and intelligent operation and maintenance of substation, strengthen industry development and market trend research, and focus on PV system design research and engineering applications under large silicon wafer technology, big data mining and equipment failure diagnosis and prediction research, improve the level of inverter voltage level, capacity and intelligence, build an intelligent auxiliary monitoring system for substations, and further develop intelligent integrated service capabilities.

V. RISK FACTORS AND RISK MANAGEMENT

1. Risks associated with falling price of polysilicon

The price of polysilicon depends fundamentally on supply and demand. A number of factors, including the advancement of polysilicon production technology, the substantial expansion of polysilicon producers, the government's adjustments of policies in relation to PV power generation, or emergencies such as the outbreak of the Pandemic, may result in oversupply and hence a decline in price of polysilicon, which may in turn affect the operating results of the Group.

The Group will strengthen technological R&D through improvement in production and quality, reduce production costs and further enhance its competitiveness.

2. Risks associated with intensified market competition

The pace of global energy transformation has accelerated significantly, China's new energy structure adjustment has accelerated, new steps have been taken in industrial transformation and upgrading, to accelerate the decrease of subsidies for new energy power generation, and made an orderly transition to a new era of grid parity for grid connection. Under the background of new era development, enterprise with outdated technologies and higher costs will gradually be eliminated by the market, and the market competition is becoming increasingly fierce. The above factors may have a certain impact on the Group's market share and earnings, and further affect the Group's operating results.

The Group will actively respond to challenges in the market and make use of its own advantages to provide the market with high quality products at low cost, and to render professional services to customers. The Group will constantly optimize its business structure so as to further consolidate and enhance its position in the industry.

3. Risks associated with grid connection and consumption of PV and wind power

In recent years, while grid connection and consumption problems of PV and wind power improved to a certain extent, the problem of wind and PV power curtailment still existed in certain regions due to inadequate local consumption, and problem of grid stability had not been resolved completely. The above factors may pose a certain impact on the development of wind and PV power resources, sales of BT power plants and grid capacity of BOO power plants of the Group.

The Group will make reasonable plans during the development of wind and PV power resources and will strengthen the development efforts in geographical areas with favorable grid connections and consumption conditions to ensure the power generation efficiency and effectiveness of the power plants.

4. Risk associated with the Pandemic

In 2020, the Pandemic broke out on a global scale, causing a sudden crisis, and impacting human health, economic growth, social development and international relations, etc. The Pandemic also inevitably has an adverse impact on the development of the global new energy industry, and various segments of the industry have also been affected to varying degrees. The above factors may cause the delay of construction in new energy power stations, and resulted in an excessive supply of PV power products such as polysilicon and inverter, and intensify market competition in short period; or the longer cycle of the supply of key equipment such as fans and towers is in short supply, thus delaying the construction progress of the power plants, which in turn affect the Group's operating results.

The Group will continue to pay close attention to the development of the Pandemic and the supply of each segment of the new energy industry chain, reasonably arrange the production plan, marketing strategy and construction progress, increase the technical innovation, constantly reduce costs through improvement in production and quality, enhance its core competitiveness, and try to alleviate the adverse impact of the Pandemic on the Group.

VI. USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The intended use of the net proceeds raised from the global offering of the Company's H shares (the "**H Shares**") is as follows:

- Approximately 65% will be used for construction and operation of the Group's BOO projects;
- Approximately 20% will be used for repayment of certain long-term bank loans;
- Approximately 5% will be used for investment in R&D 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 2020, the Company has fully utilized the net proceeds from the global offering according to the aforementioned purposes. The utilization of the funds raised is as follows:

	RMB million
Usage	**Allocated and utilized amount**
Construction and operation of the Group's BOO projects	762.00
Replenishment of working capital	135.27
Repayment of certain long-term bank loans	235.74
Investment in R&D activities and purchasing or upgrading IT systems	58.66
Total	1,191.67

FINAL DIVIDEND

On 31 March 2021, the Board has reviewed and approved to recommend a final cash dividend in the total amount of RMB120,000,000 (tax inclusive) for the year ended 31 December 2020, payable to shareholders whose names appear on the register of members of the Company at the close of business on 30 June 2021. Based on 1,200,000,000 ordinary shares of the Company in issue, such final cash dividend would amount to RMB0.10 per ordinary share (tax inclusive), after appropriations to the statutory surplus reserve according to the relevant regulations. The proposal of distributing final dividend is subject to the approval by Shareholders at the annual general meeting ("**AGM**") to be held on Wednesday, 16 June 2021. Such dividend (if approved) is expected to be paid before Friday, 13 August 2021 by the Company. The final dividend will be paid by RMB to domestic shareholders and H Share shareholders will be paid by Hong Kong dollars. The actual amount of dividend of H Share to be paid by Hong Kong dollars is calculated basing on the average of the middle rate of RMB against Hong Kong dollars published by the People's Bank of China for five business days preceding the date of approval of the dividend declaration at the AGM.

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 shall submit in time a written 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 shareholders who are entitled to receive the final dividend, the register of members of the Company will be closed from Thursday, 24 June 2021 to Wednesday, 30 June 2021, 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 at the close of business on Wednesday, 30 June 2021 are entitled to receive the final dividend. Holders of H Shares who intend to receive the final dividend payment must lodge all transfer documents accompanied by the relevant H share certificates with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Wednesday, 23 June 2021 for registration.

In order to determine shareholders who are entitled to attend and vote at the AGM of the Company to be held on Wednesday, 16 June 2021, the register of members of the Company will be closed from Thursday, 10 June 2021 to Wednesday, 16 June 2021, 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 at the close of business on Wednesday, 9 June 2021 are entitled to attend and vote at the AGM. Holders of H Shares who intend to attend and vote at the AGM must lodge all transfer documents accompanied by the relevant H share certificates with the Company's H share registrar mentioned above no later than 4:30 p.m. on Wednesday, 9 June 2021 for registration. Holders of domestic shares of the Company who intend to attend and vote at the AGM shall lodge all transfer documents accompanied by the relevant domestic share certificates with the office of the Board Secretary of the Company no later than 4:30 p.m. on Wednesday, 9 June 2021 for registration.

CORPORATE GOVERNANCE PRACTICES

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 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") (the "**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. The Company has complied with all the applicable code provisions as set out in the CG Code for the year ended 31 December 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding directors' and supervisors' dealings in the securities of the Company. Having made specific enquiries, all directors and supervisors of the Company confirmed that they have strictly complied with the required standard as set out in the Model Code during the year ended 31 December 2020. The Company has also set up guidelines in respect of the dealings in the Company's securities by its relevant employees (as defined in the Listing Rules), which are on terms no less exact than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's 2020 annual results and the consolidated financial statements for the year ended 31 December 2020 prepared in accordance with the IFRS.

AUDITOR

PricewaterhouseCoopers was appointed as the auditor for the year ended 31 December 2020. The consolidated financial statements prepared in accordance with the IFRS have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers will retire from its office as auditor of the Company, and a resolution for its re-appointment as auditor of the Company for the year 2021 will be proposed by the Company at the AGM.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.xinteenergy.com) and the 2020 annual report of the Company will be dispatched to shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Xinte Energy Co., Ltd.
Zhang Jianxin
Chairman

Xinjiang, China
31 March 2021

As of the date of this announcement, the Board of the Company consists of Mr. Zhang Jianxin, Mr. Yin Bo and Mr. Xia Jinjing as executive directors; Mr. Zhang Xin and Ms. Guo Junxiang as non-executive directors; Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong, Yui Keung Marcellus as independent non-executive directors.