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)

Interim Results Announcement for the Six Months Ended 30 June 2022

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2022, the Group's operating revenue amounted to RMB14,716.27 million, representing an increase of 88.83% over the corresponding period of last year.
- For the six months ended 30 June 2022, the Group's total profits amounted to RMB7,093.18 million, representing an increase of 317.57% over the corresponding period of last year.
- For the six months ended 30 June 2022, the Group's net profit attributable to shareholders of the listed company amounted to RMB 5,617.29 million, representing an increase of 357.37% over the corresponding period of last year.
- For the six months ended 30 June 2022, the basic earnings per share amounted to RMB3.93, representing an increase of RMB2.91 over the corresponding period of last year.

The board of directors (the "**Board**") of Xinte Energy Co., Ltd. (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**" or "**we**" or "**our**") for the six months ended 30 June 2022 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2021. The results were prepared in accordance with the China Accounting Standards for Business Enterprises (the "**CASBE**") and the disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

(Unless otherwise specified, the following information disclosures are based on the unaudited consolidated financial statements prepared in accordance with the CASBE. All amounts are denominated in Renminbi.)

CONSOLIDATED BALANCE SHEET

Items	*Notes*	**30 June 2022**	31 December 2021
Current assets:			
Monetary capital		**7,149,135,980.94**	5,379,011,955.63
Clearing settlement funds		**—**	—
Loans to other banks		**—**	—
Financial assets held for trading		**1,371,635,644.40**	76,985,909.10
Derivative financial assets		**—**	—
Notes receivable	*4*	**2,019,604,719.85**	1,802,510,347.06
Accounts receivable	*5*	**6,315,465,337.52**	6,103,309,452.01
Receivables financing	*6*	**4,006,582,114.30**	3,608,991,052.55
Prepayments		**1,057,815,999.77**	506,285,453.13
Premiums receivable		**—**	—
Reinsurance accounts receivable		**—**	—
Reinsurance contract reserve receivable		**—**	—
Other receivables		**408,231,425.11**	956,586,468.71
Including: Interests receivable		**—**	—
Dividends receivable		**81,118,561.69**	96,264,269.15
Financial assets held under resale agreements		**—**	—
Inventories		**3,278,842,485.97**	3,718,223,400.66
Contract assets		**772,437,277.87**	1,221,834,859.55
Assets held for sale		**—**	—
Non-current assets due within one year		**—**	—
Other current assets		**1,079,884,171.16**	514,586,043.05
Total current assets		**27,459,635,156.89**	23,888,324,941.45

CONSOLIDATED BALANCE SHEET *(Continued)*

Items	*Notes*	**30 June 2022**	31 December 2021
Non-current assets:			
Loans and advances		**—**	—
Debt investments		**—**	—
Other debt investments		**—**	35,023,968.14
Long-term receivables		**—**	—
Long-term equity investments		**459,588,323.47**	437,492,843.11
Other equity instrument investments		**1,000,000.00**	1,000,000.00
Other non-current financial assets		**—**	—
Investment properties		**—**	—
Fixed assets		**26,256,479,566.21**	25,216,001,023.25
Construction in progress		**9,075,820,159.32**	4,569,815,889.50
Productive biological assets		**—**	—
Oil and gas assets		**—**	—
Right-of-use assets		**201,242,891.94**	141,505,795.43
Intangible assets		**1,141,816,187.05**	1,082,678,082.48
Development expenses		**—**	—
Goodwill		**—**	—
Long-term deferred expenses		**2,293,391.94**	4,586,783.88
Deferred income tax assets		**425,340,160.00**	401,741,931.37
Other non-current assets		**2,642,079,524.97**	2,420,701,886.79
Total non-current assets		**40,205,660,204.90**	34,310,548,203.95
Total assets		**67,665,295,361.79**	58,198,873,145.40

CONSOLIDATED BALANCE SHEET *(Continued)*

Items	*Notes*	**30 June 2022**	31 December 2021
Current liabilities:			
Short-term borrowings		**3,646,993,221.35**	1,766,100,999.28
Borrowing from central bank		**—**	—
Loans from other banks		**—**	—
Financial liabilities held for trading		**16,071,125.00**	—
Derivative financial liabilities		**—**	—
Notes payable	*7*	**4,188,508,362.44**	6,107,779,143.98
Accounts payable	*8*	**6,283,289,769.53**	5,573,094,825.40
Advances received		**—**	—
Contract liabilities		**3,446,379,383.22**	1,977,397,303.77
Proceeds from sale of repurchase financial assets		**—**	—
Deposits from clients and placements from other banks		**—**	—
Deposit for agency security transaction		**—**	—
Deposit for agency security underwriting		**—**	—
Staff remuneration payables		**317,024,761.87**	385,279,896.06
Taxes payable		**1,148,482,296.28**	861,022,895.25
Other payables		**235,925,334.11**	244,646,900.47
Including: Interests payable		**—**	—
Dividends payable		**852,205.20**	13,394,100.00
Handling fees and commission payable		**—**	—
Reinsurance accounts payable		**—**	—
Liabilities held for sale		**—**	—
Non-current liabilities due within one year		**1,419,485,326.59**	1,641,406,696.12
Other current liabilities		**614,660,275.55**	721,540,601.65
Total current liabilities		**21,316,819,855.94**	19,278,269,261.98

CONSOLIDATED BALANCE SHEET *(Continued)*

Items	*Notes*	**30 June 2022**	31 December 2021
Non-current liabilities:			
Provision for insurance contracts		**—**	—
Long-term borrowings		**17,442,878,620.32**	14,340,567,421.42
Bonds payable		**—**	—
Including: Preference shares		**—**	—
Perpetual bonds		**—**	—
Lease liabilities		**163,427,775.65**	141,365,053.58
Long-term payables		**345,850,000.00**	337,150,000.00
Long-term staff remuneration payables		**—**	—
Accrued liabilities		**93,150,970.42**	105,283,377.29
Deferred income		**431,174,646.56**	449,950,859.52
Deferred income tax liabilities		**151,605,058.06**	157,647,570.72
Other non-current liabilities		**—**	—
Total non-current liabilities		**18,628,087,071.01**	15,531,964,282.53
Total liabilities		**39,944,906,926.95**	34,810,233,544.51
Shareholders' equity:			
Share capital		**1,430,000,000.00**	1,430,000,000.00
Other equity instruments		**—**	—
Including: Preference shares		**—**	—
Perpetual bonds		**—**	—
Capital reserve		**9,136,657,235.16**	9,160,068,619.11
Less: Treasury shares		**—**	—
Other comprehensive income		**-3,888,180.93**	-4,058,343.45
Special reserve		**7,446,410.45**	—
Surplus reserve		**547,653,992.38**	547,653,992.38
General risk reserve		**—**	—
Undistributed profit		**12,938,195,592.09**	8,893,910,525.69
Total equity attributable to the shareholders of the parent company		**24,056,065,049.15**	20,027,574,793.73
Non-controlling interest		**3,664,323,385.69**	3,361,064,807.16
Total shareholders' equity		**27,720,388,434.84**	23,388,639,600.89
Total liabilities and shareholders' equity		**67,665,295,361.79**	58,198,873,145.40

CONSOLIDATED INCOME STATEMENT

Items		*Notes*	**From January to June 2022**	From January to June 2021
I.	**Total operating revenue**		**14,716,265,976.66**	7,793,512,062.59
	Including: Operating revenue		**14,716,265,976.66**	7,793,512,062.59
	Interest income		**—**	—
	Premium earned		**—**	—
	Handling fees and commission income		**—**	—
II.	**Total operating cost**		**7,539,371,632.29**	6,099,037,380.90
	Including: Operating cost		**6,277,489,049.99**	5,312,355,498.10
	Interest expenses		**—**	—
	Handling fees and commission expenses		**—**	—
	Surrender value		**—**	—
	Net payment of insurance claims		**—**	—
	Net provision of insurance liability reserve		**—**	—
	Premium bonus expenses		**—**	—
	Reinsurance expenses		**—**	—
	Taxes and surcharges		**183,963,872.13**	59,442,102.57
	Selling expenses		**286,667,804.32**	173,590,126.62
	Administrative expenses		**317,370,444.75**	203,477,897.36
	R&D expenses		**125,303,480.90**	55,715,742.56
	Financial expenses		**348,576,980.20**	294,456,013.70
	Including: Interest expenses		**381,748,457.77**	296,178,284.15
	Interest income		**37,692,414.41**	14,327,263.61
	Add: Other revenue		**43,427,268.07**	27,236,761.23
	Investment income (loss is represented by “-”)		**36,625,126.23**	19,814,488.37
	Including: Investment income from associates and joint ventures		**38,120,768.63**	18,364,112.94
	Gains from derecognition of financial assets measured at amortized cost		**—**	—
	Gains from foreign exchange (loss is represented by “-”)		**—**	—
	Gains from net exposure to hedging (loss is represented by “-”)		**—**	—
	Gain on changes in fair value (loss is represented by “-”)		**-14,703,522.37**	-6,763,361.45
	Impairment loss of credit (loss is represented by “-”)		**-69,969,002.04**	-48,851,383.58
	Impairment loss of assets (loss is represented by “-”)		**-67,212,894.39**	-11,856,248.88
	Gains from disposal of assets (loss is represented by “-”)		**1,789,467.53**	-333,486.54

CONSOLIDATED INCOME STATEMENT *(Continued)*

Items			*Notes*	**From January to June 2022**	From January to June 2021
III.	**Operating profit (loss is represented by "-")**			**7,106,850,787.40**	1,673,721,450.84
	Add: Non-operating revenue			**27,601,961.80**	32,629,666.22
	Less: Non-operating expenses			**41,274,023.99**	7,667,665.03
IV.	**Total profit (total loss is represented by "-")**			**7,093,178,725.21**	1,698,683,452.03
	Less: Income tax expense		*9*	**1,062,940,700.43**	343,995,147.75
V.	**Net profit (net loss is represented by "-")**			**6,030,238,024.78**	1,354,688,304.28
	(I)	Classified by continuity of operations			
		1. Net profit from continuing operations (net loss is represented by "-")		**6,030,238,024.78**	1,354,688,304.28
		2. Net profit from discontinued operation (net loss is represented by "-")		**—**	—
	(II)	Classified by ownership			
		1. Net profit attributable to owners of the parent company (net loss is represented by "-")		**5,617,285,066.40**	1,228,161,660.28
		2. Profit or loss attributable to non-controlling interests (net loss is represented by "-")		**412,952,958.38**	126,526,644.00

CONSOLIDATED INCOME STATEMENT *(Continued)*

Items	Notes	**From January to June 2022**	From January to June 2021
VI. Net other comprehensive income after tax		**186,167.03**	98,948.93
Net other comprehensive income after tax attributable to owners of the parent company		**170,162.52**	69,739.20
(I) Other comprehensive income not reclassified to profit or loss		**—**	—
1. Changes arising on remeasurement of defined benefit plans		**—**	—
2. Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss		**—**	—
3. Changes in fair value of investments in other equity instruments		**—**	—
4. Changes in fair value of own credit risk of the Company		**—**	—
5. Others		**—**	—
(II) Other comprehensive income to be reclassified to profit or loss		**170,162.52**	69,739.20
1. Other comprehensive income accounted for using the equity method that may be reclassified to profit or loss		**—**	—
2. Changes in fair value of other debt investments		**—**	—
3. Amount of financial assets reclassified into other comprehensive income		**—**	—
4. Provisions for credit impairment of other debt investments		**—**	—
5. Reserve for cash flow hedging (effective portion of profit or loss on cash flow hedging)		**—**	—
6. Exchange differences on translation of financial statements in foreign currency		**170,162.52**	69,739.20
7. Others		**—**	—
Net other comprehensive income after tax attributable to non-controlling interest		**16,004.51**	29,209.72
VII. Total comprehensive income		**6,030,424,191.81**	1,354,787,253.21
Total comprehensive income attributable to shareholders of the parent company		**5,617,455,228.92**	1,228,231,399.48
Total comprehensive income attributable to non-controlling interests		**412,968,962.89**	126,555,853.73
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	*10*	**3.9282**	1.0235
(II) Diluted earnings per share (RMB/share)	*10*	**3.9282**	1.0235

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was established in the People's Republic of China (the "**PRC**" or "**China**") 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 registered address of the Company 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 Group is principally engaged in the research and development, production and sale of the high-purity polysilicon, and the development, construction and operation of wind power and photovoltaic ("**PV**") power plants.

The H shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 30 December 2015.

This consolidated interim financial information is presented in RMB, unless otherwise stated, and is approved for issue by the Board on 26 August 2022.

This consolidated interim financial information has not been audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group were prepared on a going-concern basis and transactions and events actually occurred in accordance with the relevant provisions of the CASBE issued by the Ministry of Finance of the PRC ("**MOF**") and the Listing Rules and were based on the accounting policies and accounting estimates applicable to the Group.

2.2 Going Concern

The Group has a recent history of profitable operation and financial resources to support its operation, and believes that it is reasonable to prepare the financial statements on a going concern basis.

2.3 Changes in Significant Accounting Polices and Accounting Estimates

The accounting policies adopted in this interim results are consistent with that in the annual financial statements for the year ended 31 December 2021.

(1) Changes in significant accounting policies: Nil

(2) Changes in significant accounting estimates: Nil

3. SEGMENT INFORMATION

The chief operating decision maker (the "**CODM**") have been identified as the general manager, deputy general manager and directors of the Company who are responsible for reviewing the Group's internal reports in order to assess performance and allocate resources. The 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 the polysilicon, the construction and operation of wind power and PV power plants as reportable operating segments. Other segments mainly comprise of businesses including manufacturing and sales of inverter, flexible direct current transmission converter valve, static reactive power compensation devices ("**SVG**") and other miscellaneous services.

The CODM assesses the performance of the operating segments based on revenue and gross profit margin. Inter-segment offset transactions are 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 consolidated income statement. The amounts provided to the CODM with respect to total assets are measured in a manner consistent with that of the consolidated balance sheet. These assets are allocated based on the operations of the segment.

	Occurred in the current period					
Items	Polysilicon	Construction of wind power and PV power plants	Operation of wind power and PV power plants	Others	Inter-segment elimination	Total
Revenue from main businesses	10,369,755,759.40	3,036,653,079.70	1,213,373,609.51	855,299,896.83	-941,700,046.94	14,533,382,298.50
Including: Revenue from external transactions	10,360,864,945.36	2,458,562,262.72	1,213,373,609.51	500,581,480.91	–	14,533,382,298.50
Revenue from inter-segment transactions	8,890,814.04	578,090,816.98	–	354,718,415.92	-941,700,046.94	–
Gross profit	6,833,719,946.36	601,616,585.19	795,608,084.21	73,214,593.92	–	8,304,159,209.68

Items			Occurred during the period			
	Polysilicon	Construction of wind power and PV power plants	Operation of wind power and PV power plants	Others	Inter-segment elimination	Total
Revenue from main businesses	3,539,907,098.88	4,494,481,209.70	727,175,392.00	699,838,330.55	-1,710,536,632.29	7,750,865,398.84
Including: Revenue from external transactions	3,532,049,281.93	2,998,769,022.86	727,175,392.00	492,871,702.05	—	7,750,865,398.84
Revenue from inter-segment transactions	7,857,816.95	1,495,712,186.84	—	206,966,628.50	-1,710,536,632.29	—
Gross profit	1,562,760,115.18	321,708,032.66	518,955,969.00	64,485,493.23	—	2,467,909,610.07

30 June 2022	Polysilicon	Construction of wind power and PV power plants	Operation of wind power and PV power plants	Others	Inter-segment elimination	Total
Total assets	**40,451,410,169.27**	**20,877,039,408.48**	**21,478,141,462.81**	**4,473,484,988.75**	**-19,614,780,667.52**	**67,665,295,361.79**
Long-term equity investments (investment income from associates and joint ventures)	**—**	**459,588,323.47**	**—**	**—**	**—**	**459,588,323.47**
Increase in non-current assets (other than long-term equity investments)	**4,631,888,969.95**	**48,605,620.82**	**228,836,653.84**	**12,621,048.71**	**949,677,775.25**	**5,871,630,068.58**
Total liabilities	**16,811,478,494.76**	**10,199,854,562.98**	**16,243,815,659.17**	**3,924,745,128.75**	**-7,234,986,918.71**	**39,944,906,926.95**

31 December 2021	Polysilicon	Construction of wind power and PV power plants	Operation of wind power and PV power plants	Others	Inter-segment elimination	Total
Total assets	31,208,606,465.46	20,439,747,056.74	19,902,869,388.38	4,738,358,823.57	-18,090,708,588.75	58,198,873,145.40
Long-term equity investments (investment income from associates and joint ventures)	—	437,492,843.11	—	—	—	437,492,843.11
Increase in non-current assets (other than long-term equity investments)	4,202,116,812.75	-220,025,278.79	684,706,177.93	-9,125,866.15	625,143,113.38	5,282,814,959.12
Total liabilities	11,854,906,372.74	11,526,474,170.22	14,319,563,948.05	2,860,744,669.10	-5,751,455,615.60	34,810,233,544.51

4. NOTES RECEIVABLE

(1) Notes receivable by category

Items	Closing balance	Opening balance
Bank acceptance notes	1,987,194,866.62	1,723,732,933.33
Trade acceptance notes	32,409,853.23	78,777,413.73
Total	**2,019,604,719.85**	**1,802,510,347.06**

(2) Pledged notes receivable at the end of the period

Items	Pledged amount at the end of the period
Bank acceptance notes	465,538,857.84
Trade acceptance notes	—
Total	**465,538,857.84**

(3) Notes receivable endorsed or discounted but not due at the balance sheet date

Items	Amount not derecognized at the end of the period	Amount not derecognized at the beginning of the period
Bank acceptance notes	601,818,161.99	558,129,745.45
Trade acceptance notes	9,412,193.00	26,412,810.77
Total	**611,230,354.99**	**584,542,556.22**

(4) Method of provision for bad debts by category

Category	Closing balance				
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying amount
Bad debt provision made on individual basis	—	—	—	—	—
Bad debt provision made on a collective basis	2,040,004,767.51	100.00	20,400,047.66	1.00	2,019,604,719.85
Including: Bank acceptance notes	2,007,267,542.04	98.40	20,072,675.42	1.00	1,987,194,866.62
Trade acceptance notes	32,737,225.47	1.60	327,372.24	1.00	32,409,853.23
Total	**2,040,004,767.51**	**100.00**	**20,400,047.66**		**2,019,604,719.85**

Category	Opening balance				
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying amount
Bad debt provision made on individual basis	—	—	—	—	—
Bad debt provision made on a collective basis	1,820,717,522.29	100.00	18,207,175.23	1.00	1,802,510,347.06
Including: Bank acceptance notes	1,741,144,377.10	95.63	17,411,443.77	1.00	1,723,732,933.33
Trade acceptance notes	79,573,145.19	4.37	795,731.46	1.00	78,777,413.73
Total	**1,820,717,522.29**	**100.00**	**18,207,175.23**		**1,802,510,347.06**

(5) Provisions for bad debt accrued, recovered and reversed for notes receivable during the current period

Category	Opening balance	Changes of the current period				Closing balance
		Accrued	Recovered or reversed	Carry-forward or written off	Others	
Bank acceptance notes	17,411,443.77	2,661,231.65	—	—	—	20,072,675.42
Trade acceptance notes	795,731.46	-468,359.22	—	—	—	327,372.24
Total	**18,207,175.23**	**2,192,872.43**	**—**	**—**	**—**	**20,400,047.66**

5. ACCOUNTS RECEIVABLE

(1) Method of provision for bad debts made on accounts receivable by category

Category	Closing balance				
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying amount
Bad debt provision made on individual basis	—	—	—	—	—
Bad debt provision made on a collective basis	6,793,918,512.07	100.00	478,453,174.55	7.04	6,315,465,337.52
Including: Portfolio of aging	3,420,056,496.10	50.34	274,623,005.90	8.03	3,145,433,490.20
Portfolio of tariff and subsidies	3,373,862,015.97	49.66	203,830,168.65	6.04	3,170,031,847.32
Total	**6,793,918,512.07**	**100.00**	**478,453,174.55**	—	**6,315,465,337.52**

Category	Opening balance				
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying amount
Bad debt provision made on individual basis	—	—	—	—	—
Bad debt provision made on a collective basis	6,498,105,270.03	100.00	394,795,818.02	6.08	6,103,309,452.01
Including: Portfolio of aging	3,911,919,797.20	60.20	285,638,172.34	7.30	3,626,281,624.86
Portfolio of electricity and subsidies	2,586,185,472.83	39.80	109,157,645.68	4.22	2,477,027,827.15
Total	**6,498,105,270.03**	**100.00**	**394,795,818.02**		**6,103,309,452.01**

1) Bad debt provision made on accounts receivable on an aging portfolio basis

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Provision percentage (%)
Within 1 year (inclusive)	2,516,476,359.83	50,329,527.19	2.00
1 year to 2 years (inclusive)	500,090,872.93	25,004,543.66	5.00
2 years to 3 years (inclusive)	46,669,883.04	9,333,976.61	20.00
3 years to 4 years (inclusive)	38,230,894.57	11,469,268.37	30.00
4 years to 5 years (inclusive)	280,205,591.33	140,102,795.67	50.00
Over 5 years	38,382,894.40	38,382,894.40	100.00
Total	**3,420,056,496.10**	**274,623,005.90**	**—**

Aging	Opening balance		
	Accounts receivable	Bad debt provision	Provision percentage (%)
Within 1 year (inclusive)	3,022,030,804.41	60,440,616.08	2.00
1 year to 2 years (inclusive)	375,267,702.77	18,763,385.14	5.00
2 years to 3 years (inclusive)	70,880,736.42	14,176,147.27	20.00
3 years to 4 years (inclusive)	198,657,098.02	59,597,129.41	30.00
4 years to 5 years (inclusive)	224,845,122.29	112,422,561.15	50.00
Over 5 years	20,238,333.29	20,238,333.29	100.00
Total	**3,911,919,797.20**	**285,638,172.34**	**—**

2) In portfolios, accounts receivable with provision made for bad debts using other methods

Item	Closing balance			Opening balance		
	Accounts receivable	Bad debt provision	Provision percentage (%)	Accounts receivable	Bad debt provision	Provision percentage (%)
Portfolio of electricity and subsidies	3,373,862,015.97	203,830,168.65	6.04	2,586,185,472.83	109,157,645.68	4.22

(2) Accounts receivable by aging based on recording dates

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	4,089,705,861.73	4,350,167,515.00
1 year to 2 years (inclusive)	1,343,690,728.49	940,520,543.03
2 years to 3 years (inclusive)	556,122,711.31	618,125,502.94
3 years to 4 years (inclusive)	451,482,323.34	342,224,496.83
4 years to 5 years (inclusive)	314,533,992.80	226,828,878.94
Over 5 years	38,382,894.40	20,238,333.29
Total	**6,793,918,512.07**	**6,498,105,270.03**

(3) Bad debt provision for accounts receivable

Category		Changes of the current period				
	Opening balance	Accrued	Recovered or reversed	Carry-forward or written off	Others	Closing balance
Bad debt provision made on accounts receivable	394,795,818.02	61,905,524.41	—	505,473.50	22,257,305.62	478,453,174.55
Total	**394,795,818.02**	**61,905,524.41**	**—**	**505,473.50**	**22,257,305.62**	**478,453,174.55**

Note: Other changes in bad debt provision of the period in an amount of RMB22,257,305.62 was due to the addition of bad debt provision for accounts receivable arising from the acquisition of 100% equity interest in Xuyi High Drive Wind Power Co., Ltd.* (盱眙高傳風力發電有限公司) by TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司), a subsidiary of the Company, through auction during the Reporting Period, which was included in the scope of the consolidated statements.

6. RECEIVABLES FINANCING

Items	Closing balance	Opening balance
Notes receivable	4,006,582,114.30	3,608,991,052.55
Factoring of accounts receivable	—	—
Total	**4,006,582,114.30**	**3,608,991,052.55**

7. NOTES PAYABLE

Category	Closing balance	Opening balance
Bank acceptance notes	4,102,951,075.20	5,635,680,100.33
Trade acceptance notes	85,557,287.24	472,099,043.65
Total	**4,188,508,362.44**	**6,107,779,143.98**

The total amount of outstanding notes payable at 30 June 2022 was RMB163,601.66, which was due to the fact that the holders of the notes did not make settlement in time.

8. ACCOUNTS PAYABLE

Items	Closing balance	Opening balance
Total	6,283,289,769.53	5,573,094,825.40
Including: Over 1 year	2,422,995,684.84	2,025,371,158.43

9. INCOME TAX EXPENSES

Items	From January to June 2022	From January to June 2021
Current income tax expense	1,068,570,242.22	286,108,341.59
Deferred income tax expenses	-5,629,541.79	57,886,806.16
Total	**1,062,940,700.43**	**343,995,147.75**

10. RETURN ON NET ASSETS AND EARNINGS PER SHARE

Items	Return on net assets on weighted average basis (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the ordinary shareholders of the parent company	24.5981	3.9282	3.9282
Net profit attributable to ordinary shareholders of the parent company after deduction of non-recurring profit or loss	24.4981	3.9122	3.9122

11. DIVIDEND

On 24 May 2022, the 2021 annual general meeting of the Company considered and approved the final dividend for 2021 of RMB1.10 (tax included) (2020: RMB0.10 (tax included)) per share, totalling RMB1,573,000,000 (2020: RMB120,000,000). The dividend has been paid on 30 June 2022 of RMB1,569,807,102.38.

The Board did not recommend the declaration of any interim dividend for the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF INDUSTRY DEVELOPMENT STATUS

With transformation of the global energy structure and continuous deepening of the "carbon emissions peaking and carbon neutrality" goals, clean energy represented by wind power and PV has achieved rapid development. In the first half of 2022, the PRC government successively launched a number of policies to support the development of new energy industry from various aspects, such as improving the construction of mechanism and system, increasing the proportion of non-fossil energy power generation represented by wind power and PV, and scaling up new energy storage.

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

- On 30 January 2022, the National Development and Reform Commission of the PRC (the "**NDRC**") and the National Energy Administration of the PRC (the "**NEA**") jointly issued the Opinions on Improving Institutional Mechanisms and Policy Measures for Green and Low-Carbon Energy Transformation (《關於完善能源綠色低碳轉型體制機制和政策措施的意見》), which states that during the "14th Five-Year" period, the institutional framework for promoting green and low-carbon energy development will be basically established, a relatively sound policy, standard, market and regulatory system will be formed, and a mechanism for promoting energy green and low-carbon transformation led by the "double control" of energy consumption and the target system for non-fossil energy will be built; by 2030, a complete basic system and policy system for green and low-carbon energy development will be basically established, a pattern of energy production and consumption will be formed in which non-fossil energy will both basically meet the incremental energy demand and replace the fossil energy stock on a large scale, and the capacity of energy security will be comprehensively enhanced.

- On 17 March 2022, the NEA issued the Notice on the Issuance of the Guiding Opinions on Energy Work in 2022 (《關於印發<2022年能源工作指導意見>的通知》), which clarifies that the target for the proportion of electricity generated by wind power and PV to the electricity consumption of the whole society in the PRC in 2022 is around 12.2%, and that the utilisation rate of power generation continues to be maintained at a reasonable level. The government will vigorously develop wind power and PV by increasing its efforts to plan and build large-scale wind power and PV bases, and actively promoting the construction of complementary water power, wind power and PV bases. It will continue with the development and construction of roof distributed PV within a county, solidly promote the construction of large-scale wind power and PV bases in desert and barren areas, and build photothermal power generation projects. They are designated to promote green and low-carbon transformation of the energy, and speed up the achievement of carbon emissions peaking and carbon neutrality.

- On 21 March 2022, the NEA and the NDRC jointly issued the Implementation Plan for the Development of New Energy Storage during the "14th Five-Year" Period (《「十四五」新型儲能發展實施方案》), stating that by 2025, the new energy storage will enter into the scale development stage from the initial period of commercialization with conditions for the large-scale commercialised application; by 2030, new energy storage will achieve comprehensive market-driven development. This plan also proposes to accelerate the construction of system-friendly new energy power stations on the power source side, support the delivery from a high proportion of renewable energy bases with new energy storage, and promote the development and consumption of large wind power and PV bases in the desert and barren areas and large-scale offshore wind power. Also, the regulation capacity of conventional power sources such as coal power will be enhanced through reasonable allocation of energy storage.

- On 14 May 2022, the NDRC and the NEA jointly issued the Implementation Plan for Promoting High-Quality Development of New Energy in the New Era (《關於促進新時代新能源高質量發展的實施方案》), which states that in order to achieve the target of reaching a total installed capacity of over 1.2 billion kW of wind power and solar power by 2030, the establishment of a clean, low-carbon, safe and efficient energy system should be accelerated. The construction of large-scale wind power and PV bases focusing on desert and barren areas will be speeded up, the integration of new energy development and utilization with rural revitalization will be facilitated, the application of new energy in the fields of industry and construction will be promoted, and the society will be guided to consume new energy and other green power.

- On 1 June 2022, nine government departments including the NDRC, the NEA and the MOF jointly issued the Notice on the Issuance of the "14th Five-Year" Plan for Renewable Energy Development (《關於印發「十四五」可再生能源發展規劃的通知》). In accordance with the task requirement of the proportion of non-fossil energy consumption accounting for around 20% by 2025, the proportion of renewable energy of China to the incremental primary energy consumption will exceed 50%, the proportion of the increase in the renewable energy generation to the increase in electricity consumption across of the society will exceed 50%, and the amount of wind and solar power electricity generation will double; the national weight of total responsible consumption of electricity generated from renewable energy will reach around 33%, while the weight of responsible consumption of non-hydropower of renewable energy will reach around 18%, the utilization rate of renewable energy will maintain at a reasonable level.

2. Review of Development Status of the Polysilicon Industry in the PRC

According to the statistics of China Photovoltaic Industry Association (中國光伏行業協會), the polysilicon production capacity in the PRC reached approximately 365,000 tons in the first half of 2022, representing a year-on-year increase of 53.4%. The average price of monocrystalline dense materials rose from RMB234,400/ton (tax included) in January 2022 to RMB270,000/ton (tax included) in June 2022, representing an increase of 15.2%.

3. Review of Development Status of the PV and Wind Power Generation Industry in the PRC

According to the statistics from the NEA, newly installed PV power generation capacity in China was 30.88GW in the first half of 2022, representing a year-on-year increase of 137.4%. As of the end of June 2022, China's accumulative installed PV power generation capacity reached 336.20GW. The newly installed wind power capacity in China was 12.94GW in the first half of 2022, representing a year-on-year increase of 19.37%. As of the end of June 2022, the accumulative installed wind power capacity in China reached 342.24GW.

II. PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

During the Reporting Period, under the general global trend of green and low-carbon energy transformation, the newly installed wind power and PV power generation capacity in China increased significantly year-on-year; and on the other hand, the price of polysilicon products remained at a relatively high level as affected by its supply and demand. The Group seized the opportunity of global development in the new energy industry, increased polysilicon production capacity by accelerating the layout of polysilicon business, continuously improved the quality of polysilicon through technical innovation and process optimisation. By increasing its effort to acquire wind and PV power resources, expanding the scale of power plants operated by the Group, the Group optimised its construction costs and power generation costs through technical innovation and management upgrade, which further improved its comprehensive competitiveness.

During the Reporting Period, the Group achieved revenue from operations of RMB14,716.27 million, net profit of RMB6,030.24 million and the net profit attributable to shareholders of the listed company of RMB5,617.29 million, representing increases of 88.83%, 345.14% and 357.37% over the corresponding period of last year, respectively.

1. Polysilicon Production and Construction Projects

In the first half of 2022, the Group accelerated the increase of polysilicon production capacity as follows: the technical transformation of Xinjiang polysilicon production line has been completed and its production capacity has been achieved rapidly, increasing the polysilicon production capacity in Xinjiang to 100,000 tons per year; it made every effort to promote the construction and commissioning of the 100,000-ton-per-annum high-purity polysilicon green energy circular economy construction project in Inner Mongolia (the "**100,000-ton Polysilicon Project in Inner Mongolia**"), which produced products by the end of June 2022 and is expected to achieve desired quality and reach production in the fourth quarter of 2022; and it sped up the construction of the 200,000-ton-per-annum high-end electronic-grade polysilicon green low-carbon circular economy construction project in Zhundong (the "**200,000-ton Polysilicon Project in Zhundong**"), whereby important approval documents such as project filing, environmental impact assessment, safety assessment and energy saving assessment has been obtained, and the design, equipment tendering and procurement, and project construction are progressing steadily in accordance with a rigorous plan.

During the Reporting Period, the Group achieved polysilicon production capacity and sales of approximately 46,200 tons and 47,700 tons, respectively, representing an increase of approximately 29% and 36% over the corresponding period of last year, respectively. The polysilicon segment recorded revenue of RMB10,360.86 million, representing an increase of 193.34% over the corresponding period of last year, and achieved gross profit of RMB6,833.72 million, representing an increase of 337.29% over the corresponding period of last year.

2. Development, Construction and Operation of PV and Wind Power Resources

In the first half of 2022, the Group kept close abreast with the national policies, adhered to the development concept of "foundation, scale and intensification-driven" approaches, and focused on the development of large-scale base projects in Yunnan, Gansu and other places. At the same time, it actively promoted resource acquisition and assisted in the planning and construction of "low-carbon" parks around new models such as generation, grid, load and energy storage, composite PV, and energy storage. The indicative capacity of PV and wind power projects acquired exceeded 2GW. During the Reporting Period, the completed total installed capacity of PV and wind power projects of the Group which had been recognised as revenue amounted to approximately 1GW. The Group's gross profit of the constructions of wind power and PV power plants segment was RMB601.62 million, representing an increase of 87.01% over the corresponding period of last year.

In the first half of 2022, the Group promoted the construction of operated power stations in an orderly manner. It further expanded the scale of operated power stations, and invested in the construction of approximately 1GW wind power and PV power plants in Xinjiang, Gansu and Inner Mongolia, which are expected to be connected to the grid for power generation in the second half of 2022 and 2023 successively. During the Reporting Period, the Group's gross profit of the operation of wind power and PV power plants segment was RMB795.61 million, representing an increase of 53.31% over the corresponding period of last year. As of the end of June 2022, the Group had a total of 2.37GW of operated power plants projects which have achieved grid-connected power generation, and had approximately 1GW of projects under construction.

3. Technology and Research and Development ("R&D")

In terms of polysilicon production, the Group, through technological innovation and process improvement, focused on research on key technologies such as rectification and impurity removal, system discharge residues, material optimization, equipment stability improvement, and clean management and control to improve the quality of polysilicon, optimise product structure, and increase the proportion of N-type monocrystalline materials. During the Reporting Period, China National Intellectual Property Administration approved the establishment of Xinjiang's first intellectual property operation center for silicon-based new material industry in Urumqi. The Group is responsible for its construction and operation, with support of policy coordination, talent training and expert resources from the government. The Group also promotes the construction of silicon-based new material research institutes and R&D centers, with focus on reducing costs and improving quality, increasing efficiency, enhancing R&D effort of new products and new processes in the silicon-based industry, so as to continuously improve process design and enhance its independent R&D transformation capabilities.

In terms of the development, construction and operation of wind and PV power resources, the Group conducted research based on key technologies in specific business scenarios such as generation, grid, load and energy storage, multi-energy complementary applications, and the major new energy base, and continued to promote the construction of digital design and operation business platforms and continuously promoted the innovation of design and engineering technology to achieve optimization and cost reduction. Focusing on the operation of power stations, the Group actively promoted digital management, and employed digital tools such as centralised control platform, EAM system, and E-cloud platform for unified monitoring, unified scheduling and management of operated power stations, so as to achieve the goal of "unmanned duty, few people on duty" for power stations. The Group carried out product technology innovation work in relation to inverters, SVG and string energy storage converters, to improve power density, environmental adaptability and wide temperature operating range, and ensure grid-friendly access and reduces manufacturing and operating costs.

In the first half of 2022, a total of 57 patents submitted by the Group were granted. As of 30 June 2022, the Group had a total of 693 domestic patents, 7 international patents, and participated in the preparation of 104 standards, including 6 international standards, 51 national standards and 47 industry standards.

4. Safety and Environmental Protection Construction

The Group continues to insist on "people and safety-oriented" management policy, fully implements safety and environmental protection responsibilities and enhances the construction of HSSE (health, safety, security and environmental protection) system. In the first half of 2022, the Group had no major safety production, environmental protection, security accidents and incidents.

The Group continuously established and improved the safety production responsibility system for all employees, strengthened the target performance guidance, and paid close attention to grid-based safety management. The Group organised the formulation and implementation of safety production rules and operating procedures, arranged regular safety production education and training to improve the safety professional skills, capability of hidden hazards detection and the quality of safety management operation. Meanwhile, the Group established the Safety and Environmental Protection Investment Guarantee Management Mechanism (《安全環保投入保障管理機制》) and set up a special account for safety production to ensure effective implementation of safety production investment. The Group organised the establishment and implementation of a dual prevention mechanism for safety risk hierarchical management and control and hidden hazards detection, so as to supervise and inspect the work of production safety and handle and eliminate the potential safety production accidents in a timely manner.

5. Talent Team Building

During the Reporting Period, the Group strengthened its talent team building in accordance with its business strategy. For the polysilicon construction projects, the Group provided mature talents by ways of internal transfer and selection, external recruitment of experts and technical backbones. With its focus on core target universities, the Group continued to promote various cooperation modes such as industry-academia-research cooperation, joint cultivation, order-based classes and internships to guarantee rapid replenishment of high-quality scientific research teams and front-line production teams, and to ensure the staffing at project design, construction, commissioning and other stages. The Group had a sound talent cultivation mechanism in place, whereby it strengthened the reserve and cultivation of reserve talents, set up a training base for highly skilled talents, and gradually realised the cultivation of compound talents with "one person with multiple posts and one concentration with multiple capabilities", thereby contributing to the vocational skills improvement of employees and the quality development of the enterprise. In addition, the Group implemented the 2022 employee share ownership scheme (the "**2022 Employee Share Ownership Scheme**") during the Reporting Period, under which 29,940,000 domestic shares of the Company were granted to 500 employees, realizing the combination of medium to long-term interests of the enterprise and its employees.

III. OPERATING RESULTS AND ANALYSIS

FINANCIAL REVIEW:

Revenue from main businesses

The Group generates revenue mainly from three business segments, including polysilicon and construction and operation of wind power and PV power plants. For the six months ended 30 June 2022, the revenue from main businesses of the Group was RMB14,533.38 million, representing an increase of RMB6,782.52 million or 87.51% from RMB7,750.87 million in the corresponding period of last year, which was mainly attributable to the increase in sales of the Group's polysilicon products and a significant increase in sales prices, as well as the expansion of the scale of the operation of wind power and PV power plants during the Reporting Period.

For the six months ended 30 June 2022, the revenue of the polysilicon segment was RMB10,360.86 million, representing an increase of RMB6,828.82 million or 193.34% from RMB3,532.05 million in the corresponding period of last year, which was mainly attributable to the increase in sales of the Group's polysilicon products and significant increase in sales prices during the Reporting Period.

For the six months ended 30 June 2022, the revenue of the constructions of wind power and PV power plants segment was RMB2,458.56 million, representing a decrease of RMB540.21 million or 18.01% from RMB2,998.77 million in the corresponding period of last year, which was mainly due to the arrival of new energy grid-parity era in the PRC, thereby leading to a decline in the average contract revenue per watt from the construction of wind power and PV power plants business of the Group, and thus a decrease in revenue during the Reporting Period.

For the six months ended 30 June 2022, the revenue of the operation of wind power and PV power plants segment was RMB1,213.37 million, representing an increase of RMB486.20 million or 66.86% from RMB727.18 million in the corresponding period of last year, which was mainly attributable to an increase in the scale of wind power and PV power plants operated by the Group, which resulted in a corresponding increase in electricity generation capacity during the Reporting Period.

Cost from main businesses

For the six months ended 30 June 2022, the costs from main businesses incurred by the Group was RMB6,229.22 million, representing an increase of RMB946.27 million or 17.91% from RMB5,282.96 million in the corresponding period of last year, which was mainly due to the increase in income arising from the main businesses of the Group and the increase in prices of raw materials, resulting in a corresponding increase in costs during the Reporting Period.

For the six months ended 30 June 2022, the costs incurred by the polysilicon segment was RMB3,527.14 million, representing an increase of RMB1,557.86 million or 79.11% from RMB1,969.29 million in the corresponding period of last year, which was mainly due to the increase in sales of the Group's polysilicon products and the increase in prices of raw materials such as silicon powder, as well as the increase in electricity costs, resulting in a corresponding increase in costs during the Reporting Period.

For the six months ended 30 June 2022, the cost incurred by the construction of wind power and PV power plants segment was RMB1,856.95 million, representing a decrease of RMB820.12 million or 30.63% from RMB2,677.06 million in the corresponding period of last year, which was mainly due to the arrival of new energy grid-parity era in the PRC, thereby leading to a further decline in the average cost per watt for the construction of wind power and PV power plants business of the Group, and thus a decrease in cost during the Reporting Period.

For the six months ended 30 June 2022, the cost incurred by the operation of wind power and PV power plants segment was RMB417.77 million, representing an increase of RMB209.55 million or 100.64% from RMB208.22 million in the corresponding period of last year, which was mainly due to the increase in the scale of the wind power and PV power plants operated by the Group, resulting in a corresponding increase in cost during the Reporting Period.

Gross profit and gross profit margin

For the six months ended 30 June 2022, the gross profit of the Group was RMB8,304.16 million, representing an increase of RMB5,836.25 million or 236.49% from RMB2,467.91 million in the corresponding period of last year, which was mainly attributable to the increase in sales of the Group's polysilicon products and a significant increase in sales prices, as well as the increase in the scale of the operating businesses of wind power and PV power plants during the Reporting Period. The comprehensive gross profit margin was 57.14%, representing an increase of 25.30 percentage points over the corresponding period of last year, which was mainly due to the significant increase in the sales prices of the Group's polysilicon products and the significant increase in the gross profit margin of the polysilicon segment during the Reporting Period.

Selling expenses

For the six months ended 30 June 2022, the selling expenses of the Group were RMB286.67 million, representing an increase of RMB113.08 million or 65.14% from RMB173.59 million in the corresponding period of last year, which was mainly due to the Group's enhancement in market expansion during the Reporting Period.

Administrative expenses

For the six months ended 30 June 2022, the administrative expenses of the Group were RMB317.37 million, representing an increase of RMB113.89 million or 55.97% from RMB203.48 million in the corresponding period of last year, which was mainly due to the increase in the remuneration of the Group's employees during the Reporting Period.

Financial expenses

For the six months ended 30 June 2022, the financial expenses of the Group were RMB348.58 million, representing an increase of RMB54.12 million or 18.38% from RMB294.46 million in the corresponding period of last year, which was mainly due to certain power plants of the Group have been converted into operation and incurred more interest expenses, with an increase in the financial expenses during the Reporting Period.

Investment income

For the six months ended 30 June 2022, the investment income of the Group was RMB36.63 million, representing an increase of RMB16.81 million or 84.84% from RMB19.81 million in the corresponding period of last year, which was mainly due to an increase in income from the disposal of long-term equity investments by the Group during the Reporting Period.

Income tax expenses

For the six months ended 30 June 2022, the income tax expenses of the Group were RMB1,062.94 million, representing an increase of RMB718.95 million or 209.00% from RMB344.00 million in the corresponding period of last year, which was mainly due to the significant increase in the Group's total profit during the Reporting Period.

Net profit attributable to shareholders of the listed company

For the six months ended 30 June 2022, the net profit attributable to shareholders of the listed company was RMB5,617.29 million, representing an increase of RMB4,389.12 million or 357.37% from RMB1,228.16 million in the corresponding period of last year, which was mainly due to the significant increase in the Group's total profit during the Reporting Period.

Profit or loss attributable to non-controlling interests

For the six months ended 30 June 2022, the profit attributable to non-controlling interests incurred by the Group were RMB412.95 million, representing an increase of RMB286.43 million or 226.38% from RMB126.53 million in the corresponding period of last year, which was mainly due to the increase in profit of the Company's non-wholly owned subsidiaries, resulting in the corresponding increase in the profit or loss attributable to non-controlling interests during the Reporting Period.

Cash flows

	For the six months ended 30 June 2022 *RMB*	For the six months ended 30 June 2021 *RMB*
Net cash flow generated from operating activities	**5,683,222,650.05**	1,004,891,405.80
Net cash flow generated from (used in) investing activities	**(7,036,717,449.81)**	(1,067,417,794.10)
Net cash flow generated from financing activities	**3,380,831,727.19**	1,685,196,264.30

Net cash flow generated from operating activities

For the six months ended 30 June 2022, the net cash flow generated from operating activities of the Group was RMB5,683.22 million, representing an increase of RMB4,678.33 million or 465.56% from RMB1,004.89 million in the corresponding period of last year, which was mainly due to the increase in the operating cash received resulting from the increase in income of the Group during the Reporting Period.

Net cash flow generated from (used in) investing activities

For the six months ended 30 June 2022, the net cash flow used in investing activities of the Group was RMB7,036.72 million, representing a increase of RMB5,969.30 million or 559.23% from RMB1,067.42 million in the corresponding period of last year, which was mainly due to the increase in cash used for the Group's investment in the construction of the 100,000-ton Polysilicon Project in Inner Mongolia, the 200,000-ton Polysilicon Project in Zhundong and wind power and PV power operation plants during the Reporting Period.

Net cash flow generated from financing activities

For the six months ended 30 June 2022, the net cash flow generated from financing activities of the Group was RMB3,380.83 million, representing an increase of RMB1,695.64 million or 100.62% from RMB1,685.20 million in the corresponding period of last year, which was mainly due to the increase in borrowings for the construction and operation of the Group's 100,000-ton Polysilicon Project in Inner Mongolia, wind power and PV power plants during the Reporting Period.

Operation fund

	As at 30 June 2022	As at 31 December 2021
Balance of cash and cash equivalents at the end of the period	**5,223,076,127.09**	3,192,107,888.60
Gearing ratio	**56.00%**	53.49%
Inventory turnover rate *(times)*	**1.79**	4.46
Inventory turnover days *(days)*	**100.32**	80.72

As of 30 June 2022, the balance of cash and cash equivalents at the end of the period of the Group was RMB5,223.08 million (31 December 2021: RMB3,192.11 million).

The required capital fund of the construction and operation of wind power and PV power plants in which the Group is engaged generally accounts for 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 at 30 June 2022, the gearing ratio of the Group was 56.00% while that as at 31 December 2021 was 53.49%. Gearing ratio was calculated as its net debt divided by total equity, where net debt is total interest-bearing liabilities less restricted cash and cash and cash equivalents.

The Group's wind power and PV power plants under construction and completed pending for transfer were included in the inventory item, and whether the wind power and PV power plants 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 1.79 times and 100.32 days as at 30 June 2022, respectively, and the inventory turnover rate and turnover days of the Group were 4.46 times and 80.72 days as at 31 December 2021, 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 six months ended 30 June 2022, the major capital expenditure of the Group included: a total of RMB5,749.35 million of expenditure for the purchases of fixed assets and intangible assets as well as other long-term assets.

Pledge of assets

As at 30 June 2022, the Group's short-term borrowings with an amount of RMB537.31 million were pledged by notes receivable; the Group's long-term borrowings with an amount of RMB14,788.16 million were secured by the assets including fixed assets, construction in progress and receivables and guaranteed by TBEA and the Company.

Capital liquidity

As at 30 June 2022, current assets of the Group amounted to RMB27,459.64 million, among which, RMB7,149.14million was monetary capital; RMB4,051.28 million was inventories and contract assets; RMB12,341.65 million was accounts receivable, notes receivable and receivables financing, primarily consisting of the receivables of construction and operation of wind power and PV power plants and receivables of sales of inverters; and RMB2,545.93 million was other receivables, prepayments and other current assets, primarily consisting of advances, prepayments and deductible value-added tax.

As at 30 June 2022, current liabilities of the Group amounted to RMB21,316.82 million, including RMB10,471.80 million of accounts payable and notes payable, primarily consisting of payables for purchase of equipment, materials for wind power and PV power plants and polysilicon producer goods; RMB3,446.38 million of contract liabilities, primarily consisting of the prepayments for construction and operation of wind power and PV power plants and sales of polysilicon; RMB235.93 million of other payables, primarily consisting of deposits payable, deposits, etc.; RMB1,148.48 million of taxes payable, primarily consisting of various taxes to be paid; and RMB3,646.99 million of short-term borrowings.

As at 30 June 2022, net current assets of the Group amounted to RMB6,142.82 million, representing an increase of RMB1,532.76 million as compared with the net current assets of RMB4,610.06 million as at 31 December 2021. The current ratio was 128.82% as of 30 June 2022, representing an increase of 4.91 percentage points as compared with the current ratio of 123.91% as at 31 December 2021. Restricted cash amounted to RMB1,926.06 million, mainly including term deposits for guarantee and deposits for bills and issuance of the letter of credit.

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

Credit risk

As at 30 June 2022, the largest credit risk exposure that may incur financial loss to the Group mainly came from the other party's failure to perform its obligations under the contract that leads to a loss of financial assets of the Group. The Group's credit risk related to liquidity was relatively low as its liquidity was deposited in banks with high credit rating and TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司). The Group had taken necessary measures to make sure all customers have a good credit record.

Foreign exchange risk

The Group's foreign exchange exposure is mainly related to US dollars, HK dollars and Euro. Except that individual subsidiaries of the Group are using US dollars for sales, other main business operations of the Group are denominated and settled in RMB. As at 30 June 2022, some of the Group's assets and liabilities have balances in US dollars and few balances in Euro and Hong Kong dollars. The foreign exchange exposure of balances in such foreign currencies is minimal, and will not have a material adverse impact on the financial position of the Group. The Group adopt reasonable hedging instruments and products to reduce the risk of exchange rate fluctuations, adhere to the principle of exchange rate hedging, clarify the management of target exchange rates, and appropriately conduct businesses such as spot and forward settlements to avoid the risk of exchange rate fluctuations.

Interest rate risk

The Group's interest rate risk arise from interest-bearing liabilities such as bank borrowings and bonds payable. Financial liabilities at floating interest rates expose the Group to cash flow interest rate risk, and financial liabilities at fixed interest rates expose the Group to fair value interest rate risk. The Group determines the relative ratio of its fixed rate and floating rate contracts based on prevailing market conditions.

The Group's risk of changes in fair value of financial instruments resulted from the changes in interest rates was mainly associated with bank borrowings with fixed interest rate. The Group aims at maintaining these fixed interest-rate bank borrowings at floating rates. The Group's risk of changes in cash flow of financial instruments resulted from the changes in interest rates was mainly associated with bank borrowings with floating interest rate. The Group maintains these bank borrowings at floating interest rate, so as to eliminate the fair value risks arising from changes in interest rate.

Contingent liabilities

As of 30 June 2022, the Group did not have any material contingent liabilities.

Material acquisition and disposal of assets, subsidiaries, associates and joint ventures

The Group had no material acquisition and disposal of assets, subsidiaries, associates and joint ventures during the Reporting Period.

Future plans for material investment or capital asset

Save as disclosed in the section headed "Proposed A Share Offering and Investment in the Construction of the 200,000-ton Polysilicon Project in Zhundong" in this announcement, the Group did not have other future plans for material investment or capital asset during the Reporting Period.

Significant events after the balance sheet date

After 30 June 2022 and up to the date of this announcement, there was no significant events after the balance sheet date of the Group.

IV. PROSPECTS

Market Prospects

In June 2022, the "14th Five-Year" Plan for Renewable Energy Development was issued, specifying that during the "14th Five-Year" period, the proportion of renewable energy of China to the incremental primary energy consumption will exceed 50%, the proportion of increased renewable energy power generation to the increase in electricity consumption across of the society will exceed 50%, and the amount of wind and solar power generation will double; the national weight of total responsible consumption of renewable energy will reach around 33%, while the weight of responsible consumption of non-hydropower of renewable energy will reach around 18%, the utilization rate of renewable energy will maintain at a reasonable level.

At present, due to the new round of global energy revolution and in-depth transformation of the technology revolution, the significant development of renewable energy such as wind power and PV has become a major strategic direction and crucial action for global energy transformation and addressing climate change. The broad market prospects will bring good development opportunities for the development of the new energy industry.

Business Plan in the Second Half of 2022

Under the global "carbon emissions peaking and carbon neutrality" strategy, in 2022, the Group will capture the opportunity, accelerate the industrial distribution, commence in-depth innovation and cost reduction, improve the product quality, safeguard the Company's healthy and sustainable development capabilities, focus on the national "14th Five-Year" strategy and make continuous efforts to achieve better development of our businesses.

1. Insist on "Safety-oriented" to Safeguard the Business Operation

The Group will continue to insist on the philosophy of "people and safety-oriented", make its best efforts in comprehensive implementation of safe production and construction and strengthening the production safety assurance system. The Group will implement the safety production accountability system for all employees on the basis of the regular epidemic prevention and control, put efforts in the safety responsibility management of production, the construction project of polysilicon and the construction project of new energy power stations, improve the system of safety management and performance appraisal, establish and improve the management and control standards for new formats such as energy storage power stations, and conduct all production and operation work with strictly following the relevant systems and standards. Guided by the annual targets of the HSSE system, the Group will fully implement the safety contracting and assurance responsibility system for major hazards, continually improve the investigation and elimination work of hidden dangers, carry out the special treatments on hidden dangers, and facilitate the participation of all employees in the investigation of hidden dangers, to reduce safety risks and safeguard the business operation.

2. *Production Capacity Expansion Plan*

In respect of the polysilicon business, as of the end of June 2022, the production capacity of the Group's polysilicon was 100,000 tons/year, and we will continue to expand polysilicon production capacity on the basis of ensuring the stable and full production of existing production capacity. We will achieve the above by, firstly, promoting the improvement of the equipment monitoring standards of the existing Xinjiang production line, devoting its efforts to implement gas monitoring, video monitoring and inspection through human defense, technical defense and other means, to fully ensure the smooth operation of key equipment; secondly, ensuring that the 100,000-ton Polysilicon Project in Inner Mongolia will reach full production capacity in the fourth quarter of 2022, increasing the Group's polysilicon production capacity to 200,000 tons/year; thirdly, accelerating the construction of the 200,000-ton Polysilicon Project in Zhundong with a project construction period of 24 months in two phases, which is expected to be put into operation between 2023 and 2024 successively. The Group will optimize the product quality, energy consumption and digital construction on the basis of the 100,000-ton Polysilicon Project in Inner Mongolia, which is expected to further enhance the Group's industry position and core competitiveness.

In respect of the development, construction and operation of wind power and PV power plants, the Group will accelerate the reserve and development and construction of wind and PV resources in accordance with the national policy. Firstly, the Group will organize a specialized development team to carry out the application for large-scale base projects as well as the development of the "generation, grid, load and energy storage" and "multi-energy complementary"; secondly, the Group will promote the construction of power stations operation projects in an orderly manner to constantly increase the power generation installed capacity.

3. *Quality Improvement Plan*

The Group will continue to uphold the quality guidelines of "pursuing excellent quality and satisfying customers' needs" and the quality core value of "creating value to support customers' success", to improve the quality of polysilicon products and the construction quality of wind power and PV power plants, and reduce the production cost of polysilicon and the construction cost of power stations.

With respect to the polysilicon products, firstly, we will eliminate the hidden dangers of equipment and improve conversion efficiency through conducting the maintenance of key equipment and production lines in the second half of 2022; secondly, we will follow up the customer's production plan, organize technical exchanges and communication, implement a whole-process follow-up on the performance of finished products in various process of industrial chains, to improve the mass production capacity of N-type monocrystalline silicon materials; thirdly, we will improve the existing quality management system and facilitate the improvement of project quality with new standards and new measures through implementing technology renovation of the existing production lines together with the construction and production commencement of projects.

With respect to the construction and operation of wind power and PV power plants, firstly, we will continually improve the construction of engineering quality system, safeguard the full coverage of such system for our business, enhance the quality inspection and process quality management and control to realize the implementation of quality management informatization; secondly, we will emphasize the control of suppliers, strictly control the shortlisting of suppliers, and strictly implement the elimination mechanism to ensure that the quality of key raw materials and equipment meets the relevant requirements; thirdly, we will accelerate the construction and application of the advanced functions of smart operation and maintenance platform for power stations and the fusion function among the systems, set reliability indicators for equipment control and management, to promote the construction of intelligent power stations.

4. Costs Management and Control Plan

In terms of the polysilicon business, the Group will strengthen the cost management, and further reduce the cost of polysilicon production by focusing on key indicators such as unit consumption of main and supporting materials and energy consumption. Firstly, we will enhance our price research and judgment capabilities for raw materials through analyzing the macroeconomics as well as the relevant polices, make efforts to source raw material suppliers, and strengthen our strategic negotiation with suppliers, so as to reduce the procurement costs while meeting new capacity needs for polysilicon; secondly, we will further reduce the unit consumption of silicon and electricity consumption through maintenance, the renovation and update of key equipment, the optimization of the using process of the low-quality and low-cost silicon, and improve our systematic recovery capacity of chlorosilane; thirdly, we will deeply study the policies relating to electricity transactions, formulate targeted strategies for bidding transactions, and strive for a larger quota of new energy power replacement, to constantly reduce electricity costs.

In terms of the construction and operation of wind power and PV power plants, firstly, we will reduce construction costs by studying and predicting the price trends of key raw materials and equipment; secondly, we will strictly implement comprehensive budget management, set full-range cost targets from the project establishment stage, strengthen dynamic cost management and control during the implementation of projects, and correct cost deviations in a timely manner; thirdly, we will accelerate the improvement of the intelligent operation, maintenance and management level of power stations, formulate a guarantee plan on power generation, continually carry out the reliability governance of equipment, tap the potential of equipment, constantly reduce the operation cost of power stations, and further improve the efficiency of operation of the power stations.

5. *Technology Innovation Plan*

The Group will prioritize the leading role of innovation, insist on technology innovation based on market demands and strategy development, continue to promote the transformation of technological achievements. Firstly, we will constantly improve the product quality based on the customer's needs, accelerate the mass production capacity of N-type monocrystalline silicon materials; secondly, we will adhere to market demand-oriented, strengthen the innovative learning of new technologies and new business development models around the major new energy base, "generation, grid, load and energy storage", low-carbon industrial parks, shared energy storage, and lightweight offshore VSC-HVDC transmission systems (輕型化海上柔性直流送出系統), increase its investment in R&D; thirdly, while strengthening our own technology innovation, we will further cooperate with leading domestic and foreign technology institutions, and continuously improve our platform construction, new technology development and technology achievements transformation, with R&D technology innovation as the driver to enhance the Group's competitiveness.

6. *Human Resources Plan*

The Group will focus on building a team of technology and innovative talent according to the strategic development plan and the progress of project construction, realizing the attraction, cultivation, use and retention of talent, thus leading the high-quality development of the Group. Firstly, we will enhance the quality, ability and skills training for employees, launch the construction of industrial simulation training bases, give full play to the advantages of skilled master studio, technology and human resources for high-level talent, enrich and guarantee the training system for skilled personnel; secondly, we will strengthen the construction of talent pool, and to match the demand for talent for the Group's rapid development through the training of output capacity; thirdly, we will promote and implement the construction of "dual channels" for employee career development, continue to improve the performance evaluation system to stimulate the initiative of employees and promote the steady improvement of their working quality and efficiency.

V. RISK FACTORS AND RISK MANAGEMENT

1. Risks associated with changes in policies

The PRC government clearly put forward the strategic objective of "carbon emissions peaking and carbon neutrality" and continuously introduced policies to support the development of the new energy industry. Any changes in policies such as tax incentives, subsidies for on-grid tariff, power generation priorities and issuance of green power certificates may have an adverse impact on the Group's operations and profitability.

The Group will continue to closely follow up and analyze the introduction of new policies and their impact, and adopt effective countermeasures as an active response to such changes to minimize the adverse impact on the Group.

2. Risks associated with technology and new product substitution

The Group's polysilicon production technology is based on the improved Siemens approach. The polysilicon technology such as silane method is progressing, and companies in the industry have started to use silane method for the scale production of granular silicon; the amorphous silicon PV technology such as calcium titanium ore is also making an improvement, and there may be risks associated with technology or new product substitution.

The Group will further improve its technology innovation system, enhance its technology R&D capabilities, strengthen talent building of its technology R&D team, fully explore the advantages of improved Siemens in technology and processes to reduce the production costs, improve the product quality as well as enhance competitiveness and profitability.

3. Risks associated with intensified market competition

Due to the obvious acceleration of the global energy transformation, China is speeding up the construction of a new power system based on the new energy, with new initiatives regarding the industry transformation and upgrade. In this new era of development, more and more enterprises are entering the new energy industry and participating in the new production capacity or business development, resulting in an increasingly fierce market competition, which may exert an impact on the Group's market share and profitability to a certain extent, thereby further affecting our operating results.

The Group will actively respond to the market challenges, leverage on its strengths, supply the market with quality and low-cost products, provide its customers with professional services and continuously optimize its business structure to further consolidate and enhance its industry position.

4. **Risks associated with decreasing price of polysilicon**

There is a risk associated with a possible decrease in polysilicon prices as a result of increasingly fierce market competition, which may have an adverse impact on the Group's profitability.

The Group will make full efforts to reach quality and production of the 100,000-ton Polysilicon Project in Inner Mongolia, accelerate the completion and reaching production of the 200,000-ton Polysilicon Project in Zhundong, further increase the production of polysilicon, enhance product quality, reduce production costs, and strengthen the Group's profitability and competitiveness.

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

In recent years, while grid connection and consumption problems of the PV and wind power continued to improve, 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 power generation efficiency and effectiveness of the Group's new energy power plants, which may further affect the Group's operating results.

The Group will make reasonable plans during the development of wind and PV 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.

6. Risks associated with international trade disputes and political factors

Under the background of increasing uncertainties in the international environment, escalating geopolitical conflicts and intensifying international trade frictions, the PV industry has become an advantageous and strategic emerging industry in China, and is also facing a number of uncertainties, such as the United States announced that the Uyghur Forced Labor Prevention Act (《防止強迫維吾爾人勞動法》) was formally came into effect and prohibited the import of products from Xinjiang. Portion of the Group's polysilicon production lines are located in Xinjiang, and the above factors may have certain impact on the Group's operation.

The Group will continue to pay attention to the international economic situation and the impact of the overseas sanctions, and will continue to improve its compliance system after taking into account of its business model, strategic planning, etc. so as to actively address the adverse impact of the above factors on the Group.

7. Risks associated with the impact by the COVID-19 pandemic (the "Pandemic")

The global Pandemic is showing significant divergence and recurrence, which will have a negative impact on the normal operation of the global industry chain. If the global Pandemic is not effectively controlled in future, the Group's operating results may be affected.

The Group will continue to pay attention to the development of the Pandemic and the supply of various segments of the new energy industry chain, reasonably arrange its production plan, marketing strategy and construction progress, while increasing its technology innovation to continuously enhance its core competitiveness by improving quality and efficiency, reducing costs and increasing efficiency, with the aim of mitigating the adverse impact of the Pandemic on the Group.

VI. OTHER INFORMATION

Employees

As at 30 June 2022, the Group had a total of 7,104 employees. Remuneration paid to the Group's employees is comprised of basic salary of the respective position and performance-based salary, with the performance-based salary determined based on the performance of the Group and performance assessment results of the employees.

The Group values the importance of training of its staff, and continuously improves its education and training system. Based on aspects including construction of a team of talents, qualifications of positions, and business requirements, the Group systematically organises the needs of training, and has built a training system that encompasses all our staff and is relevant to their career paths, based on the career development of different levels and positions. The Group has also taken the training of core personnel involved in technological innovation projects and qualification recognition of grassroots positions as the focus of training, and through scientific and technological innovations, technological problem-solving and productivity streamlining projects, has expanded the horizon and enriched the knowledge of our workers, and continuously improved their levels of self-cultivation and professional skills.

During the Reporting Period, the Group paid employees remuneration of RMB853.13 million in aggregate.

Employee Share Ownership Scheme

On 5 May 2022, the adoption of the 2022 Employee Share Ownership Scheme was considered and approved at the general meeting of the Company. The Company granted 29.94 million domestic shares of the Company to the participants of the 2022 Employee Share Ownership Scheme (a total of 500 participants including directors, supervisors, senior management, middle management, core technical employees and core business employees of the Company) through the shareholding platforms of the 2022 Employee Share Ownership Scheme. The source of the shares was the domestic shares held by TBEA, a controlling shareholder of the Company, which were transferred to the shareholding platforms. The grant price was RMB13.73 per domestic share. For details, please refer to the announcement dated 15 March 2022, the circular dated 19 April 2022 and the poll results announcement dated 5 May 2022 of the Company.

Proposed A Share Offering and Investment in the Construction of the 200,000-ton Polysilicon Project in Zhundong

On 5 May 2022, the Company's proposed initial public offering and listing of not exceeding 300,000,000 A Shares on the main board of the Shanghai Stock Exchange (the "**Proposed A Share Offering**") and related matters were considered and approved at the general meeting of the Company. The proceeds raised from the Proposed A Share Offering will be used to invest in the construction of the 200,000-ton Polysilicon Project in Zhundong. The total investment of the 200,000-ton Polysilicon Project in Zhundong is expected to be RMB17.6 billion, of which RMB8.8 billion will be funded through the capital injection by the proceeds to be raised from the Proposed A Share Offering and own funds, whilst the remainder will be settled through bank loans and other methods. The Company submitted application materials in respect of the Proposed A Share Offering, including the prospectus (application version), to the China Securities Regulatory Commission, and the China Securities Regulatory Commission has accepted the application. For details, please refer to the announcements dated 15 March 2022, 28 June 2022 and 4 July 2022, the circular dated 19 April 2022 and the poll results announcement dated 5 May 2022 of the Company.

Interim Dividend

The Board did not recommend the declaration of an interim dividend for the six months ended 30 June 2022.

Compliance with Corporate Governance Code

The Company is committed to maintaining high standards of corporate governance to enhance corporate value and to safeguard the interests of shareholders. For the six months ended 30 June 2022, the Company has fully complied with all the applicable code provisions contained in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, and adopted the recommended best practices set out therein, if applicable.

Compliance with the Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct for all the directors' and the Company's supervisors' (the "**Supervisors**") dealings in the Company's securities. Having made specific enquiries, all Directors and Supervisors confirmed that they had strictly complied with the required standards set out in the Model Code during the Reporting Period. 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 terms no less exact than those in the Model Code. The Company is not aware any breach of the guidelines by employees.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2022.

Audit Committee

The Company has established the audit committee in accordance with the requirements of the Listing Rules. The primary responsibilities of the audit committee are to review the annual internal audit plan of the Company; oversee the appointment, re-appointment and removal of external auditors, and make recommendations to the Board to approve the remuneration and terms of appointment of external auditors; review and oversee the independence and objectiveness of external auditors and effectiveness of audit procedures; formulate and implement policies in relation to non-audit services provided by external auditors; oversee the quality of internal audit and disclosure of financial information of the Company and review interim and annual financial statements before submission to the Board; oversee the financial reporting system and internal control procedures of the Company; evaluate the effectiveness of the internal control and risk management system; review and supervise internal audit control system and risk management function to ensure the independence of the audit function, to ensure co-ordination between the internal and external auditors and to ensure that functions in respect of accounting, internal auditing and financial reporting are operating with adequate resources in the Company and the relevant staff have sufficient qualifications and experience and are provided with regular training programmes or other similar arrangement. Moreover, the audit committee will discuss the risk management and internal control system with the management to ensure that the management has duly performed its duties and established effective system. It will also supervise relevant departments in disclosing the details about how the Company complies with the code provisions in respect of risk management and internal control during the Reporting Period under the corporate governance report.

The audit committee of the Company reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2022 and the unaudited consolidated interim financial information for the Reporting Period which was prepared in accordance with the CASBE.

Publication of Interim Results and Interim Report

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.xinteenergy.com). The 2022 interim report containing all the information required by the Listing Rules will be dispatched to the Shareholders in due course and will be published on the websites of the Company and the Stock Exchange.

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

Xinjiang, the PRC
26 August 2022

As at the date of this announcement, the Board consists of Mr. Zhang Jianxin, Mr. Yin Bo and Mr. Xia Jinjing as executive directors; Mr. Zhang Xin, Mr. Huang Hanjie and Ms. Guo Junxiang as non-executive directors; and Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny as independent non-executive directors.

* *for identification purpose only*