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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2022, the Group's operating revenue amounted to RMB37,541.11 million, representing an increase of 66.68% over the corresponding period of last year.

- For the year ended 31 December 2022, the Group's total profit amounted to RMB16,815.05 million, representing an increase of 166.13% over the corresponding period of last year.

- For the year ended 31 December 2022, the Group's net profit attributable to shareholders of the listed company amounted to RMB13,395.47 million, representing an increase of 170.33% over the corresponding period of last year.

- For the year ended 31 December 2022, the basic earnings per share amounted to RMB9.37, representing an increase of RMB5.45 over the corresponding period of last year.

- The Board did not recommend the declaration of a final dividend for the year ended 31 December 2022.

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 2022 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2021.

(Unless otherwise specified, the following information disclosures are based on the audited consolidated financial statements prepared in accordance with the China Accounting Standards for Business Enterprises (the "**CASBE**"). All amounts are denominated in Renminbi ("**RMB**").)

CONSOLIDATED BALANCE SHEET

Items	*Notes*	**31 December 2022**	31 December 2021
Current assets:			
Monetary capital		**5,195,451,976.71**	5,379,011,955.63
Clearing settlement funds		**—**	—
Loans to other banks		**—**	—
Financial assets held for trading		**66,798,941.06**	76,985,909.10
Derivative financial assets		**—**	—
Notes receivable	*4*	**2,099,428,816.78**	1,802,510,347.06
Accounts receivable	*5*	**5,206,682,797.69**	6,103,309,452.01
Receivables financing	*6*	**6,172,012,029.97**	3,608,991,052.55
Prepayments		**729,957,458.23**	506,285,453.13
Premiums receivable		**—**	—
Reinsurance accounts receivable		**—**	—
Reinsurance contract reserve receivable		**—**	—
Other receivables		**456,140,154.87**	956,586,468.71
Including: Interests receivable		**—**	—
Dividends receivable		**78,463,017.24**	96,264,269.15
Financial assets held under resale agreements		**—**	—
Inventories		**4,611,331,640.47**	3,718,223,400.66
Contract assets		**1,326,016,397.80**	1,221,834,859.55
Assets held for sale		**—**	—
Non-current assets due within one year		**—**	—
Other current assets		**1,504,925,469.52**	514,586,043.05
Total current assets		**27,368,745,683.10**	23,888,324,941.45

CONSOLIDATED BALANCE SHEET *(Continued)*

Items	*Notes*	**31 December 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		**395,877,169.52**	437,492,843.11
Other equity instrument investments		**250,999,977.52**	1,000,000.00
Other non-current financial assets		**—**	—
Investment properties		**—**	—
Fixed assets		**34,112,445,590.94**	25,216,001,023.25
Construction in progress		**12,137,744,003.05**	4,569,815,889.50
Productive biological assets		**—**	—
Oil and gas assets		**—**	—
Right-of-use assets		**331,804,558.88**	141,505,795.43
Intangible assets		**1,352,182,707.79**	1,082,678,082.48
Development expenses		**—**	—
Goodwill		**—**	—
Long-term deferred expenses		**30,560,906.25**	4,586,783.88
Deferred income tax assets		**669,819,363.84**	401,741,931.37
Other non-current assets		**2,610,864,101.24**	2,420,701,886.79
Total non-current assets		**51,892,298,379.03**	34,310,548,203.95
Total assets		**79,261,044,062.13**	58,198,873,145.40

CONSOLIDATED BALANCE SHEET ***(Continued)***

Items	*Notes*	**31 December 2022**	31 December 2021
Current liabilities:			
Short-term borrowings	*7*	**1,932,112,636.46**	1,766,100,999.28
Borrowing from central bank		**—**	—
Loans from other banks		**—**	—
Financial liabilities held for trading		**3,263,277.24**	—
Derivative financial liabilities		**—**	—
Notes payable	*8*	**4,700,904,722.81**	6,107,779,143.98
Accounts payable	*9*	**10,399,018,417.81**	5,573,094,825.40
Advances received		**—**	—
Contract liabilities		**2,543,263,742.11**	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		**678,491,004.80**	385,279,896.06
Taxes payable		**712,008,231.04**	861,022,895.25
Other payables		**339,664,447.66**	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		**2,071,841,209.73**	1,641,406,696.12
Other current liabilities		**564,078,917.08**	721,540,601.65
Total current liabilities		**23,944,646,606.74**	19,278,269,261.98

CONSOLIDATED BALANCE SHEET *(Continued)*

Items	*Notes*	**31 December 2022**	31 December 2021
Non-current liabilities:			
Provision for insurance contracts		**—**	—
Long-term borrowings	*7*	**17,354,651,890.30**	14,340,567,421.42
Bonds payable		**—**	—
Including: Preference shares		**—**	—
Perpetual bonds		**—**	—
Lease liabilities		**238,202,226.90**	141,365,053.58
Long-term payables		**355,100,000.00**	337,150,000.00
Long-term staff remuneration payables		**—**	—
Accrued liabilities		**227,751,929.75**	105,283,377.29
Deferred income		**467,595,233.67**	449,950,859.52
Deferred income tax liabilities		**529,403,780.45**	157,647,570.72
Other non-current liabilities		**—**	—
Total non-current liabilities		**19,172,705,061.07**	15,531,964,282.53
Total liabilities		**43,117,351,667.81**	34,810,233,544.51

CONSOLIDATED BALANCE SHEET ***(Continued)***

Items	*Notes*	**31 December 2022**	31 December 2021
Shareholders' equity:			
Share capital		**1,430,000,000.00**	1,430,000,000.00
Other equity instruments		**—**	—
Including: Preference shares		**—**	—
Perpetual bonds		**—**	—
Capital reserve		**9,100,232,065.48**	9,160,068,619.11
Less: Treasury shares		**—**	—
Other comprehensive income		**-3,860,015.30**	-4,058,343.45
Special reserve		**9,623,405.48**	—
Surplus reserve		**981,955,892.67**	547,653,992.38
General risk reserve		**—**	—
Undistributed profit		**20,282,081,924.13**	8,893,910,525.69
Total equity attributable to the shareholders of the parent company		**31,800,033,272.46**	20,027,574,793.73
Non-controlling interest		**4,343,659,121.86**	3,361,064,807.16
Total shareholders' equity		**36,143,692,394.32**	23,388,639,600.89
Total liabilities and shareholders' equity		**79,261,044,062.13**	58,198,873,145.40

CONSOLIDATED INCOME STATEMENT

Items	Notes	2022	2021
I. Total operating revenue		**37,541,114,499.68**	22,523,039,942.65
Including: Operating revenue	*10*	**37,541,114,499.68**	22,523,039,942.65
Interest income		—	—
Premium earned		—	—
Handling fees and commission income		—	—
II. Total operating cost		**19,444,176,407.81**	15,895,585,535.82
Including: Operating cost	*10*	**16,466,266,686.08**	13,231,343,761.30
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		**386,270,825.19**	168,200,554.73
Selling expenses		**657,659,868.43**	742,476,207.68
Administrative expenses		**906,491,737.75**	702,439,176.00
R&D expenses		**325,347,006.70**	337,245,795.65
Financial expenses		**702,140,283.66**	713,880,040.46
Including: Interest expenses		**786,816,577.32**	742,951,253.16
Interest income		**85,865,286.42**	43,616,571.23
Add: Other revenue		**96,983,561.04**	77,232,388.05
Investment income (loss is represented by "-")		**42,592,626.27**	282,289,439.25
Including: Investment income from associates and joint ventures		**129,918,104.51**	58,083,839.06
Gains from derecognition of financial assets measured at amortized cost		—	—
Gains from foreign exchange (loss is represented by "-")		—	—

CONSOLIDATED INCOME SHEET *(Continued)*

Items		Notes	2022	2021
	Gains from net exposure to hedging (loss is represented by "-")		**—**	9,199,497.68
	Gain on changes in fair value (loss is represented by "-")		**-6,067,239.59**	88,017.35
	Impairment loss of credit (loss is represented by "-")		**-855,943,084.59**	-130,122,730.43
	Impairment loss of assets (loss is represented by "-")		**-483,637,892.57**	-562,332,880.78
	Gains from disposal of assets (loss is represented by "-")		**-42,496,202.75**	-1,366,630.28
III.	**Operating profit (loss is represented by "-")**		**16,848,369,859.68**	6,302,441,507.67
	Add: Non-operating revenue		**70,680,200.93**	30,468,673.09
	Less: Non-operating expenses		**104,001,117.84**	14,564,259.93
IV.	**Total profit (total loss is represented by "-")**		**16,815,048,942.77**	6,318,345,920.83
	Less: Income tax expense	*11*	**2,388,803,221.32**	934,334,896.63
V.	**Net profit (net loss is represented by "-")**		**14,426,245,721.45**	5,384,011,024.20
(I)	**Classified by continuity of operations**			
	1. Net profit from continuing operations (net loss is represented by "-")		**14,426,245,721.45**	5,384,011,024.20
	2. Net profit from discontinued operation (net loss is represented by "-")		**—**	—

CONSOLIDATED INCOME SHEET *(Continued)*

Items		*Notes*	**2022**	2021
(II)	**Classified by ownership**			
	1. Net profit attributable to owners of the parent company (net loss is represented by "-")		**13,395,473,298.73**	4,955,264,764.83
	2. Profit or loss attributable to non-controlling interests (net loss is represented by "-")		**1,030,772,422.72**	428,746,259.37
VI.	**Net other comprehensive income after tax**		**219,987.35**	-6,135,777.29
	Net other comprehensive income after tax attributable to owners of the parent company		**198,328.15**	-4,378,300.31
	(I) Other comprehensive income not reclassified to profit or loss		**—**	-4,233,052.18
	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		**—**	-4,233,052.18
	4. Changes in fair value of own credit risk of the Company		**—**	—
	5. Others		**—**	—

CONSOLIDATED INCOME SHEET *(Continued)*

Items		*Notes*	2022	2021
	(II) Other comprehensive income to be reclassified to profit or loss		**198,328.15**	-145,248.13
	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		**198,328.15**	-145,248.13
	7. Others		**—**	—
	Net other comprehensive income after tax attributable to non-controlling interest		**21,659.20**	-1,757,476.98
VII.	**Total comprehensive income**		**14,426,465,708.80**	5,377,875,246.91
	Total comprehensive income attributable to shareholders of the parent company		**13,395,671,626.88**	4,950,886,464.52
	Total comprehensive income attributable to non-controlling interests		**1,030,794,081.92**	426,988,782.39
VIII.	**Earnings per share**	*12*		
	(I) Basic earnings per share (RMB/share)		**9.37**	3.92
	(II) Diluted earnings per share (RMB/share)		**9.37**	3.92

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**" 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 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 Group are 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.

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

These consolidated financial statements are presented in RMB unless otherwise stated and were approved for issue by the Board on 1 March 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group have been prepared on the basis of going concern, according to actual transactions and events as well as such requirements under the CASBE issued by the Ministry of Finance of the People's Republic of China (the "**MOF**"), and based on the accounting policies and accounting estimates applicable to the Group. In addition, certain matters of these financial statements have been disclosed in accordance with requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

2.2 Going concern

The Group has near-term profit-making history and is supported by financial resources. It is of the opinion that it is reasonable to prepare the financial statements on on-going concern basis.

2.3 Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies:

The MOF issued Interpretation No. 16 of the CASBE (《企業會計準則解釋16號》) in November 2022, which amended the scope of exemptions for the initial recognition of deferred income tax in CASBE No. 18 – Income Tax (《企業會計準則第18號 — 所得稅》), allowing enterprises to implement this interpretation earlier from the year of its issue (i.e. 2022).

Interpretation No. 16 of the CASBE clarifies that the exemption provisions on the initial recognition of deferred income tax are not applicable to such transactions which are not business combinations and that neither accounting profits nor taxable income (or deductible losses) are affected when the transactions occur, and that there are equivalent taxable temporary differences and deductible temporary differences arising from assets and liabilities resulting in a single transaction. For the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in the above-mentioned transactions, the enterprise shall, in accordance with CASBE No. 18 – Income Tax, recognize the corresponding deferred tax liabilities and deferred tax assets when the transactions occur, respectively.

Due to the difference in the carrying amount of right-of-use assets and lease liabilities as a result of amortization of unrecognized financing costs with the actual interest rate method, the Group has the legal right to settle current deferred income tax assets and current deferred income tax liabilities on a net basis, and as deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same taxation authority on the same taxpayer, it meets the requirements of the Explication of Accounting Standards for Business Enterprises 2010 (《企業會計準則講解2010》) to present the offset deferred income tax assets and deferred income tax liabilities on a net basis.

The Group implemented the above interpretation for the first time in 2022. The Group made the following adjustments at the end of 2022 for deferred matters arising there from: the deferred income tax assets corresponding to the above deductible temporary differences of RMB1,520,649.81 were recognized.

(2) Changes in significant accounting estimates: None

3 SEGMENT INFORMATION

The chief operating decision maker ("**CODM**") have been identified as the general manager, deputy general manager and directors (the "**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 VAR generator ("**SVG**") and other miscellaneous services.

The CODM assesses the performance of the operating segments based on revenue and gross profit margin. The offsetting 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 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.

2022

Items	Polysilicon	Construction of wind power and PV power plants	Operation of wind power and PV power plants	Others	Inter-segment elimination	Total
I. Segment revenue and results						
1. Operating revenue	25,903,035,519.46	11,907,286,328.22	2,038,892,711.17	4,386,010,469.08	-6,694,110,528.25	37,541,114,499.68
Including: Revenue from external transactions	25,663,307,724.41	7,688,088,705.29	2,038,316,519.58	2,151,401,550.40	—	37,541,114,499.68
Revenue from inter-segment transactions	239,727,795.05	4,219,197,622.93	576,191.59	2,234,608,918.68	-6,694,110,528.25	—
2. Operating cost	7,882,379,193.62	10,194,813,420.35	876,620,674.28	3,834,238,361.08	-6,321,784,963.25	16,466,266,686.08
3. Gross profit for the segment	18,066,012,645.39	1,506,852,493.75	1,210,853,712.31	291,128,962.15	—	21,074,847,813.60
4. Investment revenue of associates and joint ventures	—	129,918,104.51	—	—	—	129,918,104.51
5. Impairment loss of credit	-12,772,427.45	-265,760,179.76	-804,500,448.60	-22,026,292.88	249,116,264.10	-855,943,084.59
6. Impairment loss of assets	-9,775,619.91	-117,313,152.05	-322,675,705.72	-33,873,414.89	—	-483,637,892.57
7. Depreciation and amortization expenses	1,068,029,288.23	51,188,745.75	766,607,264.26	91,311,386.70	-64,683,437.32	1,912,453,247.62
8. Total profit	17,205,667,592.02	1,581,204,798.90	-525,182,964.11	59,146,541.40	-1,505,787,025.44	16,815,048,942.77
II. Total assets	51,744,189,772.03	20,813,990,963.39	25,518,488,245.39	6,296,857,452.36	-25,112,482,371.04	79,261,044,062.13
1. Long-term equity investments (investments in associates and joint ventures)	—	46,454,000.00	—	—	—	46,454,000.00
2. Increase in non-current assets (other than long-term equity investments)	12,803,973,820.78	345,193,613.83	4,884,919,627.15	278,340,551.07	-1,172,115,206.01	17,140,312,406.82
III. Total liabilities	19,161,227,823.47	8,960,982,062.15	20,000,299,111.06	4,920,610,323.73	-9,925,767,652.60	43,117,351,667.81

2021

Items	Polysilicon	Construction of wind power and PV power plants	Operation of wind power and PV power plants	Others	Inter-segment elimination	Total
I. Segment revenue and results						
1. Operating revenue	11,593,354,256.00	9,731,399,903.87	1,874,070,370.14	2,491,684,719.16	-3,167,469,306.52	22,523,039,942.65
Including: Revenue from external transactions	11,575,636,767.66	7,761,437,141.60	1,873,544,983.78	1,312,421,049.61	—	22,523,039,942.65
Revenue from inter-segment transactions	17,717,488.34	1,969,962,762.27	525,386.36	1,179,263,669.55	-3,167,469,306.52	—
2. Operating cost	4,853,319,838.85	8,661,323,263.43	586,267,043.00	1,953,153,415.02	-2,822,719,799.00	13,231,343,761.30
3. Gross profit for the segment	6,790,355,076.05	1,026,746,575.84	1,286,466,423.50	188,128,105.96	—	9,291,696,181.35
4. Investment revenue of associates and joint ventures	—	58,083,839.06	—	—	—	58,083,839.06
5. Impairment loss of credit	-28,855,345.26	-84,046,626.95	-42,821,495.70	-11,139,878.06	36,740,615.54	-130,122,730.43
6. Impairment loss of assets	-381,056,804.35	-111,387,911.30	—	-69,888,165.13	—	-562,332,880.78
7. Depreciation and amortization expenses	906,640,717.66	25,708,123.26	528,632,003.65	100,109,469.37	-31,277,564.98	1,529,812,748.96
8. Total profit	5,940,836,165.04	359,153,771.03	811,527,767.26	-308,667,396.04	-484,504,386.46	6,318,345,920.83
II. 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
1. Long-term equity investments (investments in associates and joint ventures)	—	437,492,843.11	—	—	—	437,492,843.11
2. 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
III. 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

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

Items	Amounts in the current year	Amounts in previous year
Domestic	37,307,609,650.48	22,395,870,725.83
Overseas	233,504,849.20	127,169,216.82

4 NOTES RECEIVABLE

(1) Notes receivable by category

Items	Closing balance	Opening balance
Bank acceptance notes	2,088,941,669.56	1,723,732,933.33
Trade acceptance notes	10,487,147.22	78,777,413.73
Total	**2,099,428,816.78**	**1,802,510,347.06**

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

Item	Closing balance	Opening balance
Bank acceptance notes	147,189,861.60	833,490,619.23

(3) Notes receivable endorsed or discounted at the end of the year but not mature at the balance sheet date

Items	Amount not derecognized at the end of the year	Amount not derecognized at the beginning of the year
Bank acceptance notes	629,976,470.03	558,129,745.45
Trade acceptance notes	—	26,412,810.77
Total	**629,976,470.03**	**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	2,120,635,168.46	100.00	21,206,351.68	1.00	2,099,428,816.78
Including: Bank acceptance notes	2,110,042,090.46	99.50	21,100,420.90	1.00	2,088,941,669.56
Trade acceptance notes	10,593,078.00	0.50	105,930.78	1.00	10,487,147.22
Total	**2,120,635,168.46**	**100.00**	**21,206,351.68**	**—**	**2,099,428,816.78**

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 year

Category	Opening balance	Changes of the current year			Closing balance
		Accrued	Recovered or reversed	Carry-forward or written off	
Bank acceptance notes	17,411,443.77	3,688,977.13	—	—	21,100,420.90
Trade acceptance notes	795,731.46	-689,800.68	—	—	105,930.78
Total	**18,207,175.23**	**2,999,176.45**	**—**	**—**	**21,206,351.68**

5 ACCOUNTS RECEIVABLE

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

	Closing balance				
	Book balance		Provision for bad debts		
Category	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying amount
Bad debt provision made on individual basis	802,280,180.77	12.41	802,280,180.77	100.00	—
Bad debt provision made on a collective basis	5,661,397,429.97	87.59	454,714,632.28	8.03	5,206,682,797.69
Including: Portfolio of aging	3,264,254,972.31	50.50	350,003,782.69	10.72	2,914,251,189.62
Portfolio of electricity and subsidies	2,397,142,457.66	37.09	104,710,849.59	4.37	2,292,431,608.07
Total	**6,463,677,610.74**	**100.00**	**1,256,994,813.05**	**—**	**5,206,682,797.69**

	Opening balance				
	Book balance		Provision for bad debts		
Category	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 individual basis

Name	Closing balance Book balance	Bad debt provision	Provision percentage (%)	Reasons for provision
Reduction or cancellation of electricity price subsidies for some projects	802,280,180.77	802,280,180.77	100.00	See note for details
Total	**802,280,180.77**	**802,280,180.77**	**100.00**	**—**

Note: From March 2022, the National Development and Reform Commission of the PRC ("**NDRC**"), the MOF and the National Energy Administration of the PRC ("**NEA**") have jointly carried out the verification of renewable energy power generation subsidies ("**Electricity Price Subsidies**"). Based on the verification, there is a risk that Electricity Price Subsidies for some of the Group's wind power and PV power station projects will be reduced or cancelled. The Group made impairment provisions for the above-mentioned new energy power station related assets with indications of impairment aggregating to RMB1,124,955,900, including RMB802,280,200 of provision for credit impairment loss of Electricity Price Subsidies receivables, RMB306,189,800 of provision for asset impairment loss of fixed assets, RMB12,369,000 of provision for asset impairment loss of intangible assets, and RMB4,116,900 of provision for asset impairment loss of right-of-use assets.

2) In portfolios, accounts receivable with provision made for bad debts based on the aging analysis method

Aging	Closing balance Accounts receivable	Bad debt provision	Provision percentage (%)
Within 1 year (inclusive)	1,986,177,949.75	39,723,559.00	2.00
1 year to 2 years (inclusive)	815,842,467.40	40,792,123.37	5.00
2 years to 3 years (inclusive)	131,087,983.61	26,217,596.72	20.00
3 years to 4 years (inclusive)	13,243,109.80	3,972,932.94	30.00
4 years to 5 years (inclusive)	157,211,782.19	78,605,891.10	50.00
Over 5 years	160,691,679.56	160,691,679.56	100.00
Total	**3,264,254,972.31**	**350,003,782.69**	**—**

Aging	Accounts receivable	Opening balance 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**	**—**

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

Item	Accounts receivable	Closing balance Bad debt provision	Provision percentage (%)
Portfolio of electricity and subsidies	2,397,142,457.66	104,710,849.59	4.37

Item	Accounts receivable	Opening balance Bad debt provision	Provision percentage (%)
Portfolio of electricity and subsidies	2,586,185,472.83	109,157,645.68	4.22

(2) Accounts receivable by aging

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	3,287,745,047.14	4,350,167,515.00
1 year to 2 years (inclusive)	1,964,348,042.73	940,520,543.03
2 years to 3 years (inclusive)	518,358,758.33	618,125,502.94
3 years to 4 years (inclusive)	339,976,894.74	342,224,496.83
4 years to 5 years (inclusive)	192,191,413.74	226,828,878.94
Over 5 years	161,057,454.06	20,238,333.29
Total	**6,463,677,610.74**	**6,498,105,270.03**

Note: Accounts receivable are presented by aging on their recording date

(3) Bad debt provision for accounts receivable

Category	Opening balance	Accrued	Changes of the current year Recovered or reversed	Carry-forward or written off	Others	Closing balance
Bad debt provision made on accounts receivable	394,795,818.02	840,725,192.33	—	783,502.92	22,257,305.62	1,256,994,813.05
Total	**394,795,818.02**	**840,725,192.33**	**—**	**783,502.92**	**22,257,305.62**	**1,256,994,813.05**

Note: Other changes in bad debt provision of the current year in an amount of RMB22,257,305.62 was due to an increase in bad debt provision for accounts receivable as a result of 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 a subsidiary TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) ("**Sunoasis**") by way of auction during the current year, which was incorporated into the scope of the consolidated statements.

6 RECEIVABLES FINANCING

Items	Closing balance	Opening balance
Notes receivable	6,172,012,029.97	3,608,991,052.55
Factoring of accounts receivable	—	—
Total	**6,172,012,029.97**	**3,608,991,052.55**

7 BANK AND OTHER BORROWINGS STRUCTURE AND MATURITY PROFILE

(1) Borrowings structure

Borrowing category	Closing balance	Opening balance
Credit borrowing	6,272,798,307.08	2,908,961,980.01
Secured borrowing	1,356,082,276.94	412,838,978.31
Guaranteed borrowing	495,238,230.39	2,388,124,132.21
Pledged borrowing	271,542,361.11	129,654,680.56
Secured and pledged borrowing	12,632,761,161.48	11,399,781,216.44
Factoring borrowing	6,380,000.00	3,166,000.00
Notes discounted	300,877,694.62	481,782,138.17
Total	**21,335,680,031.62**	**17,724,309,125.70**

(2) Maturity profile of the borrowings

Maturity date	Closing balance	Opening balance
Within 1 year	3,981,028,141.32	3,383,741,704.28
1 to 2 years	1,978,949,486.32	2,163,585,344.59
2 to 5 years	4,379,943,359.52	4,744,214,123.53
After 5 years	10,995,759,044.46	7,432,767,953.30
Total	**21,335,680,031.62**	**17,724,309,125.70**

8 NOTES PAYABLE

Category	Closing balance	Opening balance
Bank acceptance notes	4,527,515,819.38	5,635,680,100.33
Trade acceptance notes	173,388,903.43	472,099,043.65
Total	**4,700,904,722.81**	**6,107,779,143.98**

The total amount of outstanding notes payable due on 31 December 2022 and 31 December 2021 was RMB163,601.66 and RMB465,252.51, respectively, which was due to the failure of notes holders to complete the settlement procedures in time.

9 ACCOUNTS PAYABLE

Item	Closing balance	Opening balance
Total	**10,399,018,417.81**	**5,573,094,825.40**
Of which: Over 1 year	2,740,360,954.74	2,025,371,158.43

Note: Accounts receivable are presented by aging on their recording date

10 OPERATING REVENUE AND OPERATING COST

	Amounts incurred during the current year	
Items	**Revenue**	**Cost**
Main businesses	37,047,696,820.80	16,082,471,082.66
Other businesses	493,417,678.88	383,795,603.42
Total	**37,541,114,499.68**	**16,466,266,686.08**

	Amounts incurred in previous year	
Items	**Revenue**	**Cost**
Main businesses	22,310,008,128.79	13,043,525,856.89
Other businesses	213,031,813.86	187,817,904.41
Total	**22,523,039,942.65**	**13,231,343,761.30**

11 INCOME TAX EXPENSES

Items	Amounts incurred during the current year	Amounts incurred in previous year
Current income tax expenses	2,307,037,906.48	1,006,410,019.17
Deferred income tax expenses	81,765,314.84	-72,075,122.54
Total	**2,388,803,221.32**	**934,334,896.63**

12 RETURN ON NET ASSETS AND EARNINGS PER SHARE

Profit during the Reporting Period	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	50.12	9.37	9.37
Net profit attributable to ordinary shareholders of the parent company after deduction of non-recurring profit or loss	49.96	9.34	9.34

13 DIVIDEND

The Board did not recommend the declaration of a final dividend for the year ended 31 December 2022.

On 24 May 2022, the distribution of a final dividend for 2021 was considered and approved at the annual general meeting of 2021 of the Company, the Company has declared a final dividend of RMB1.10 per share (tax inclusive) for the year ended 31 December 2021 in a total amount of RMB1,573,000,000.00, and paid the dividend of RMB1,570,416,544.66 as of 31 December 2022 (as of 31 December 2021: RMB120,000,000.00).

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. The newly installed wind power and PV power generation capacity in China reached 125 GW in 2022, maintaining the growth momentum. In 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 system and mechanism, increasing the proportion of non-fossil energy power generation represented by wind power and PV, scaling up new energy storage, and actively promoting new energy power projects for grid-connected power generation.

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

- On 30 January 2022, the NDRC and 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 green and low-carbon energy transformation led by the "double control" of energy consumption and the target system for non-fossil energy will be built; and 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 inventory 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. The government 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, Gobi 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; and 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, Gobi 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, Gobi 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 notice states clearly that during the "14th Five-Year" Plan period, 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 the society will exceed 50%, and the amount of electricity generated through wind and solar power electricity 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 electricity generated from renewable energy (excluding hydropower) will reach around 18%, the utilization rate of renewable energy will maintain at a reasonable level.

- On 25 November 2022, the General Department of the NEA issued the Notice on Actively Promoting New Energy Power Plants to be Connected to the Grid as Much as Possible and as Early as Possible (《關於積極推動新能源發電項目應併盡併、能併早併有關工作的通知》), which specifies that in order to further improve the grid connection of new energy power plants by the end of 2022, each power grid enterprise, under the premise of ensuring safety and stability of the power grid and orderly supply of electricity and in the principle of "being connected to the grid as much as possible and as early as possible", should take effective measures to ensure the wind power and PV power plants which have met the requirements of grid connection are connected to the grid in a timely manner, allow the grid connection in batches, but shall not take the completion of full capacity as an essential condition for the grid connection of new energy projects.

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

According to the statistics of relevant associations, as at the end of 2022, the global polysilicon production capacity was approximately 1,322,000 tons, representing an increase of approximately 97.02% year-on-year. In 2022, the global polysilicon production was approximately 947,000 tons. In 2022, the polysilicon production in the PRC was 827,000 tons, the net import volume was approximately 85,000 tons, while the total demand was approximately 1,033,000 tons. Therefore, in 2022, the PRC polysilicon markets presented a status where the supply was less than the demand.

Affected by the relationship between the supply and the demand, the price of polysilicon in China generally rose in 2022, and repeatedly hit record highs. The average transaction price of re-feeding (複投料) has risen from RMB236,900/ton at the beginning of 2022 to a peak of RMB308,000/ton in October after a series of record highs; it fell slightly to RMB247,500/ton in December as new polysilicon production capacity was released. The annual average price of monocrystalline silicon re-feeding was RMB273,600/ton in 2022, representing an increase of 40.74% year-on-year.

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

According to the statistics from the NEA, in 2022, the newly installed PV power generation capacity in China was 87.41GW, representing a year-on-year increase of 60%. As of the end of 2022, the accumulative installed PV power generation capacity in China reached 392.61GW. In 2022, the newly installed wind power capacity in China was 37.63GW, representing a year-on-year decrease of 21%. As of the end of 2022, the accumulative installed wind power capacity in China reached 365.44GW.

II. PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

In 2022, under the general global trend of green and low-carbon energy transformation, the Group seized the opportunity of global development in the new energy industry, increased polysilicon production capacity by accelerating the business layout, continuously improved the quality of products through technical innovation and process optimisation. By increasing its effort to acquire wind power and PV 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 RMB37,541.11 million, net profit of RMB14,426.25 million and the net profit attributable to shareholders of the listed company of RMB13,395.47 million, representing increases of 66.68%, 167.95% and 170.33% over the corresponding period of last year, respectively.

1. Polysilicon Production and Construction Projects

In 2022, the Group accelerated the increase of polysilicon production capacity as follows: the technical transformation of polysilicon production line in the Xinjiang Ganquanpu Base and the construction and commissioning of the 100,000-ton Polysilicon Project in Inner Mongolia have been completed, and its quality and production have been reached rapidly, increasing the polysilicon production capacity of the Group to 200,000 tons per year; it made every effort to promote the construction of the first phase with 100,000 tons of the 200,000-ton-per-annum high-end electronic-grade polysilicon green low-carbon circular economy construction project in the Changji Zhundong Industrial Park in Xinjiang (the "**200,000-ton Polysilicon Project in Zhundong**"), and the design, equipment tendering and procurement, and project construction are progressing steadily in accordance with a rigorous plan. The project is scheduled to commence operation in the first half of 2023. During the Reporting Period, the Group continued to carry out quality problem-solving in conjunction with customers, improved the quality stability control and evaluation criteria of the whole process of polysilicon, achieved system traction, strengthened synergies among process, equipment and quality, and increased the proportion of materials and N-type materials by optimising raw material acceptance, reduction process control and refined control of automatic crushing parameters of finished products.

During the Reporting Period, the Group achieved polysilicon production capacity of 125,900 tons, representing an increase of approximately 61.03% over the corresponding period of last year, and achieved polysilicon sales of 106,700 tons, representing an increase of approximately 42.92% over the corresponding period of last year. During the Reporting Period, the Group's polysilicon segment recorded revenue of RMB25,663.31 million, representing an increase of 121.70% over the corresponding period of last year, and achieved gross profit of RMB18,066.01 million, representing an increase of 166.05% over the corresponding period of last year.

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

In 2022, the Group kept close abreast with the national policies, and strengthened the development of centralised wind power and PV projects. It actively promoted resource acquisition and assisted customers in the planning and construction of "low-carbon" parks around new models such as generation, grid, load and energy storage, multi-energy complementary application and energy storage. The newly indicative capacity of wind power and PV projects acquired exceeded 6GW. The Group proactively advanced the development of household distributed PV business and launched solutions, and achieved business presence in four provinces, namely Jiangxi, Shandong, Henan and Shaanxi, opening up a new business model. During the Reporting Period, the completed total installed capacity of wind power and PV construction projects of the Group which had been recognised as revenue amounted to approximately 2.30GW. The Group's gross profit of the constructions of wind power and PV power plants segment was RMB1,506.85 million, representing an increase of 46.76% over the corresponding period of last year.

In 2022, the Group steadily promoted the construction of operated power stations. It selected high-quality wind power and PV resources as reserves for operated projects, and invested in the construction of over 1GW wind power and PV operated power plants in Xinjiang, Inner Mongolia, Gansu and Hebei. In 2022, the installed capacity of the Group's newly operated projects connected to the grid for power generation was approximately 350MW, and the remaining projects under construction are expected to be connected to the grid for power generation successively in 2023. During the Reporting Period, the Group's gross profit of the operation of wind power and PV power plants segment was RMB1,210.85 million. As of 31 December 2022, the Group had approximately 2.61GW of operated power plants projects which have achieved grid-connected power generation, and had more than 1GW of projects under construction.

3. Technology and R&D

In terms of polysilicon production, the Group focused on key issues such as polysilicon rectification and carbon removal, reducing the consumption of reduction furnace and N-type monocrystalline material quality improvement to promote technological innovation and research, improve the quality of polysilicon, and optimise product structure. It promoted theoretical research and application in technical areas such as high-efficiency purification, molecular simulation and establishment of new high-efficiency catalyst systems. The Group, jointly with outstanding domestic universities, took the lead in conducting independent technological innovation research on polysilicon reduction mechanism and new material development and application, including full process simulation of reduction furnace and advanced process algorithms for intelligent control. During the Reporting Period, the Group was approved to operate the first intellectual property operation center for silicon-based new material industry in Xinjiang, and received the approval for the establishment of the Silicon-based New Material Industry Innovation Research Institute from the Industry and Information Technology Department of Xinjiang Uygur Autonomous Region. It actively participated in the joint restructuring of the National Key Laboratory for Photovoltaic Materials and Batteries, and set up a silicon material innovation consortium in the autonomous region to leverage the advantages of the innovation platform in terms of clustering talent and technology and promote the high-quality development of the silicon-based industry.

In terms of the development, construction and operation of wind power and PV resources, the Group conducted research based on key technologies in specific business scenarios such as generation, grid, load and energy storage, zero-carbon parks, household PV, distributed wind power and new energy storage, and prepared technical specifications to provide strong technical support for project development and construction. It adhered to the strategy of strengthening the foundation through intelligent manufacturing, built up intelligent innovation applications and constructed digital factories, and promoted the comprehensive energy planning and simulation system for zero-carbon parks, the integrated platform for power sales and trading, and the power plant lifecycle management system, to realise digital design, remote power plant monitoring and management and improve efficiency and profitability. 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 reduce manufacturing and operating costs.

In 2022, a total of 95 patents submitted by the Group were granted. As of 31 December 2022, the Group had a total of 740 domestic patents, 7 international patents, and participated in the preparation of 77 issued standards, including 6 international standards, 39 national standards and 32 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. During the Reporting Period, the Group had no major safety production, environmental protection, security accidents and incidents.

With the main line of "strengthening the foundation, remedying the weaknesses, raising the standards and promoting improvement", the Group continuously promoted the dual prevention mechanism for safety risk hierarchical management and control by color as well as hidden hazards detection and management, and established and improved the safety production responsibility system for all employees. It adhered to the performance-oriented approach on result and process management, formulated and implemented the core working plan of safety and environmental protection, so as to supervise and inspect the work of production safety, and handle and eliminate the potential safety production accidents in a timely manner. The Group continued to increase its safety investment, strengthened the standardisation of production safety, formulated and implemented safety production rules and operating procedures, arranged regular safety production education and training, built safety culture publicity classrooms and safety culture corridors, to improve the safety professional skills, capability of hidden hazards detection and the quality of safety management operation.

5. Talent Team Building

During the Reporting Period, the Group strengthened its talent team building in accordance with its strategic and business needs. For new polysilicon operation projects and projects under construction, the Group provided mature talents by ways of internal transfer and selection, and 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-application 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, production and other stages. The Group established the mindset of "strengthening the enterprise with talent" with "talent cultivation, training and teams" approach, 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. The Group implemented 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

Revenue

The Group generates revenue mainly from three business segments, including polysilicon and construction and operation of wind power and PV power plants. For the year ended 31 December 2022, the revenue of the Group was RMB37,541.11 million, representing an increase of RMB15,018.07 million or 66.68% from RMB22,523.04 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 year ended 31 December 2022, the revenue of the polysilicon segment was RMB25,663.31 million, representing an increase of RMB14,087.67 million or 121.70% from RMB11,575.64 million in the corresponding period of last year, 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 year ended 31 December 2022, the revenue of the construction of wind power and PV power plants segment was RMB7,688.09 million, representing a decrease of RMB73.35 million or 0.95% from RMB7,761.44 million in the corresponding period of last year.

For the year ended 31 December 2022, the revenue of the operation of wind power and PV power plants segment was RMB2,038.32 million, representing an increase of RMB164.78 million or 8.80% from RMB1,873.54 million in the corresponding period of last year, mainly attributable to an increase in the scale of operation projects of the Group's wind power and PV power plants during the Reporting Period, resulting in a corresponding increase in power generation.

Cost

For the year ended 31 December 2022, the cost incurred by the Group was RMB16,466.27 million, representing an increase of RMB3,234.93 million or 24.45% from RMB13,231.34 million in the corresponding period of last year, which was mainly due to the increase in income of the Group during the Reporting Period, resulting in a corresponding increase in costs.

For the year ended 31 December 2022, the cost incurred by the polysilicon segment was RMB7,597.30 million, representing an increase of RMB2,812.02 million or 58.76% from RMB4,785.28 million in the corresponding period of last year, which was mainly due to the increase in sales of the Group's polysilicon products during the Reporting Period, resulting in a corresponding increase in costs.

For the year ended 31 December 2022, the cost incurred by the construction of wind power and PV power plants segment was RMB6,181.24 million, representing a decrease of RMB553.45 million or 8.22% from RMB6,734.69 million in the corresponding period of last year, which was mainly due to the decrease in the average cost per watt of the Group's wind power and PV power station construction business during the Reporting Period.

For the year ended 31 December 2022, the cost incurred by the operation of wind power and PV power plants segment was RMB827.47 million, representing an increase of RMB240.39 million or 40.95% from RMB587.08 million in the corresponding period of last year, which was mainly due to an increase in the scale of operation projects of the Group's wind power and PV power plants which generated electricity during the Reporting Period, resulting in a corresponding increase in costs.

Gross profit and gross profit margin

For the year ended 31 December 2022, the gross profit of the Group was RMB21,074.85 million, representing an increase of RMB11,783.15 million or 126.81% from RMB9,291.70 million in the corresponding period of last year. The comprehensive gross profit margin was 56.14%, representing an increase of 14.88 percentage points over the corresponding period of last year. The increase in gross profit and comprehensive gross profit margin was mainly due to the increase in sales of the Group's polysilicon products and significant increase in sales prices during the Reporting Period. Among them, the Group's wind power and PV power station operation segment achieved a gross profit margin of 59.40%, representing a decrease of 9.26 percentage points over the corresponding period of last year, mainly due to the impact of the verification of renewable energy subsidies. Based on the self-inspection, there is a risk that the renewable energy subsidies of some of the Group's operating power station projects will be reduced or cancelled. Based on the principle of prudence, the Group recognized revenue according to the electricity price after considering the reduction or cancellation of renewable energy subsidies in the second half of 2022, resulting in the decrease in gross profit and gross profit margin of power station operation projects.

Selling expenses

For the year ended 31 December 2022, the selling expenses incurred by the Group were RMB657.66 million, representing a decrease of RMB84.82 million or 11.42% from RMB742.48 million in the corresponding period of last year, which was mainly due to the fact that the Group strengthened the control over selling and marketing expenses during the Reporting Period, resulting in a decrease in marketing expenses.

Administrative expenses

For the year ended 31 December 2022, the administrative expenses incurred by the Group were RMB906.49 million, representing an increase of RMB204.05 million or 29.05% from RMB702.44 million in the corresponding period of last year, which was mainly due to an increase in the remuneration of the Group's employees and the share-based payment expenses recognized for the implementation of the 2022 Employee Share Ownership Scheme during the Reporting Period.

R&D expenses

For the year ended 31 December 2022, the R&D expenses incurred by the Group were RMB325.35 million, representing a decrease of RMB11.90 million or 3.53% from RMB337.25 million in the corresponding period of last year.

Financial expenses

For the year ended 31 December 2022, the financial expenses incurred by the Group were RMB702.14 million, representing a decrease of RMB11.74 million or 1.64% from RMB713.88 million in the corresponding period of last year.

Investment income

For the year ended 31 December 2022, the investment income of the Group was RMB42.59 million, representing a decrease of RMB239.70 million or 84.91% from RMB282.29 million in the corresponding period of last year, which was mainly due to an increase in investment income recognized by the Group resulting from the disposal of long-term equity investments in the corresponding period of last year.

Income tax expenses

For the year ended 31 December 2022, the income tax expenses incurred by the Group were RMB2,388.80 million, representing an increase of RMB1,454.47 million or 155.67% from RMB934.33 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 year ended 31 December 2022, the net profit attributable to shareholders of listed company was RMB13,395.47 million, representing an increase of RMB8,440.21 million or 170.33% from RMB4,955.26 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 year ended 31 December 2022, the profit attributable to non-controlling interests incurred by the Group were RMB1,030.77 million, representing an increase of RMB602.03 million or 140.42% from RMB428.75 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 during the Reporting Period.

Cash flows

	2022	2021
	RMB	*RMB*
Net cash flow generated from operating activities	**12,732,232,116.91**	4,310,257,973.63
Net cash flow generated from investing activities	**-14,234,790,180.25**	-7,308,392,015.64
Net cash flow generated from financing activities	**1,711,438,582.19**	4,191,300,563.14

Net cash flow generated from operating activities

For the year ended 31 December 2022, the net cash flow generated from operating activities of the Group was RMB12,732.23 million, representing an increase of RMB8,421.97 million or 195.39% from RMB4,310.26 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 investing activities

For the year ended 31 December 2022, the net cash outflow from investing activities of the Group was RMB14,234.79 million, representing an increase of RMB6,926.40 million or 94.77% from RMB7,308.39 million in the corresponding period of last year, which was mainly due to an increase in the investment expenditures on the 100,000-ton Polysilicon Project in Inner Mongolia, the first phase of the 200,000-ton Polysilicon Project in Zhundong and the construction of wind power and PV operated power plants of the Group during the Reporting Period.

Net cash flow generated from financing activities

For the year ended 31 December 2022, the net cash flow generated from financing activities of the Group was RMB1,711.44 million, representing a decrease of RMB2,479.86 million or 59.17% from RMB4,191.30 million of the net cash inflow from financing activities in the corresponding period of last year, which was mainly due to an increase in the cash inflow from financing activities as a result of the Group's completion of the placement of H shares and the issuance of domestic shares in the corresponding period of last year.

Operation fund

	As at 31 December 2022	As at 31 December 2021
Balance of cash and cash equivalents at the end of the period *(RMB)*	**3,409,764,114.29**	3,192,107,888.60
Gearing ratio	**45.38%**	53.49%
Inventory turnover rate *(times)*	**3.95**	4.46
Inventory turnover days *(days)*	**91.05**	80.72

As at 31 December 2022, the balance of cash and cash equivalents at the end of the period of the Group was RMB3,409.76 million (31 December 2021: RMB3,192.11 million).

The required capital fund of the construction and operation of wind power and PV power plants 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 at 31 December 2022, the gearing ratio of the Group was 45.38% 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 3.95 times and 91.05 days as at 31 December 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 year ended 31 December 2022, the major capital expenditure of the Group included the purchases of fixed assets and intangible assets as well as other long-term asset expenditure with the total amount of RMB14,456.93 million.

Pledge of assets

As at 31 December 2022, the Group's short-term borrowings with an amount of RMB300.88 million were pledged by notes receivable; the Group's long-term borrowings with an amount of RMB13,359.77 million were secured by the Group's assets including fixed assets, construction in progress and receivables and guaranteed by TBEA and the Company.

Capital liquidity

As at 31 December 2022, current assets of the Group amounted to RMB27,368.75 million, among which, RMB5,195.45 million was monetary capital; RMB5,937.35 million was inventories and contract assets; RMB13,478.12 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 RMB2,691.02 million was other receivables, prepayments and other current assets, primarily consisting of advances, prepayments and deductible value-added tax.

As at 31 December 2022, current liabilities of the Group amounted to RMB23,944.65 million, including RMB15,099.92 million of accounts payable and notes payable, primarily consisting of purchases of machine and equipment for construction of polysilicon projects and payables for purchase of equipment, laboring, materials, coal fuels necessary for daily operations; RMB2,543.26 million of contract liabilities, primarily consisting of the prepayments for sales of polysilicon; RMB339.66 million of other payables, primarily consisting of deposits payable and deposits, advances payable, etc.; RMB712.01 million of taxes payable, primarily consisting of various taxes to be paid; and RMB1,932.11 million of short-term borrowings.

As at 31 December 2022, net current assets of the Group amounted to RMB3,424.10 million, representing a decrease of RMB1,185.96 million as compared with the net current assets of RMB4,610.06 million as at 31 December 2021. The current ratio was 114.30% as at 31 December 2022, representing a decrease of 9.61 percentage points as compared with the current ratio of 123.91% as at 31 December 2021. Restricted cash amounted to RMB1,785.69 million, mainly including term deposits for guarantee and deposits for bills and issuance of the letter of credit.

Credit risk

As at 31 December 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 reviews customers' credit line and perform other monitoring procedures to ensure necessary measures are taken to recover overdue debts. In addition, the Group reviews the recovery of each item of receivables at each balance sheet date, to ensure sufficient bad debt provisions are made on unrecoverable items. 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..

Foreign exchange risk

The Group's foreign exchange exposure is mainly related to United States dollars, Hong Kong dollars and Euro. Except that certain subsidiaries are using United States dollars for sales, other main business operations of the Group are denominated and settled in RMB. As at 31 December 2022, some of the Group's assets and liabilities have balances in United States dollars and few balances in Euro and Hong Kong dollars. The foreign exchange exposure of such foreign currencies is minimal, and will not have a material adverse impact on the financial position of the Group. The Group uses 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. 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.

Contingent liabilities

As at 31 December 2022, the Group did not have any material contingent liabilities.

Employees, remuneration, retirement and employees benefit scheme

As at 31 December 2022, the Group had 8,128 employees in total (including 565 personnel from labour dispatch agencies), including 4,946 production personnel, 1,119 R&D technical personnel, 1,023 management personnel, 634 sales personnel, 178 financial personnel and 228 other personnel. During the Reporting Period, the Group paid employees remuneration of RMB2,184.73 million in aggregate.

In accordance with regulations applicable to enterprises and the relevant requirements of all levels of local governments where the Group 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 contributed to an employee housing fund in accordance with applicable PRC regulations.

During the Reporting Period, the Company granted not exceeding 29,940,000 domestic shares to the participants of the 2022 Employee Share Ownership Scheme including the Company's Directors, supervisors, senior management, middle management, core technical and core business with a total of 500 participants. Please refer to the announcements of the Company dated 15 March 2022, 19 April 2022 and 5 May 2022 and the circular dated 19 April 2022 for details.

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

The Group had no other material acquisition and disposal of assets, subsidiaries, associates and joint ventures during the Reporting Period, except for the development and construction of wind power and PV power plants as well as the transfer of equity interests in projects during the Group's ordinary course of business.

Future plans for material investment or capital asset

On 5 May 2022, the shareholders of the Company (the "**Shareholders**") approved resolutions in relation to 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**" or "**A Share Issue**"). The proceeds to be raised from the A Share Issue will be used to invest in the construction of the 200,000-ton Polysilicon Project in Zhundong through increasing capital injection to the project. 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 by the proceeds from the Proposed A Share Offering, and the remainder will be settled through other methods such as bank loans. As at the date of this announcement, application materials of the Proposed A Share Offering are under review by the relevant supervision authority. Please refer to the announcements of the Company dated 13 January 2021, 15 March 2022, 5 May 2022, 28 June 2022, 4 July 2022 and 18 November 2022 and the circular dated 19 April 2022 for details.

Save as disclosed above, the Group did not have future plans for other material investment or capital asset during the Reporting Period.

Significant investments

The Group had no significant investments during the Reporting Period.

Events after the balance sheet date

In order to promote the Company's A Share Issue, the Group transferred the equity interests in the companies which own two new energy power station projects with defective land use rights to TBEA, the controlling shareholder of the Company. On 6 January 2023, Sunoasis and Shaanxi TBEA New Energy Co., Ltd.* (陝西特變電工新能源有限公司) ("**Shaanxi TBEA**"), subsidiaries of the Company, respectively entered into the equity interest transfer agreements with TBEA, whereby Sunoasis transferred 100% equity interest in Urumqi Mingrui Guangsheng Power Generation Co., Ltd.* (烏魯木齊明瑞廣晟發電有限公司) ("**Mingrui Guangsheng**") to TBEA, and the transfer consideration agreed by both parties shall be RMB134,999,999, which was based on the appraised value of the total shareholders' equity of Mingrui Guangsheng of RMB158,200,000; and Shaanxi TBEA transferred 100% equity interest in Wuqi Huaguang New Energy Co., Ltd.* (吳起縣華光新能源有限公司) ("**Wuqi Huaguang**") to TBEA, and the transfer consideration agreed by both parties shall be RMB1, which was based on the appraised value of the total shareholders' equity of Wuqi Huaguang of RMB-23,200,000. As at the date of this announcement, the equity transfer has been completed, and Mingrui Guangsheng and Wuqi Huaguang cease to be subsidiaries of the Company and are no longer consolidated into the financial statements of the Group. Please refer to the announcement of the Company dated 6 January 2023 for details.

IV. PROSPECTS

Market Prospects

At the end of 2022, the International Energy Agency ("**IEA**") issued the World Energy Outlook 2022, which states that the current geopolitics has triggered an unprecedented global energy crisis, and all countries are paying close attention to current issues such as global energy security and climate change. Based on the current status of the global energy transformation, the IEA has forecasted the energy development prospects in the future, and argued the achievability of net zero global carbon dioxide emissions by 2050. It has highlighted that PV and wind power generation are the most important ways to reduce carbon emissions in the power sector, and anticipated that the proportion of global PV and wind power generation to the total electricity generation will exceed 40% and 70% by 2030 and 2050, respectively. The 20th CPC National Congress proposed to focus economic development on the real economy, advance the high-end, intelligent and green development of the manufacturing industry, promote the cluster development of strategic emerging industries such as new energy, new materials and green and environmental protection, deepen the energy revolution, and accelerate the planning and building of new energy systems, so as to actively and steadily promote the implementation of the "carbon emissions peaking and carbon neutrality" goals.

At present, due to the new round of global energy revolution and technology revolution, the significant development of renewable energy such as wind power and PV has become a major strategic direction and crucial action for 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

As the development of the global new energy industry continues to improve, the supply and demand structure of some links in the new energy industry chain will be adjusted. At this significant historic transition moment, the Group will firmly seize the important strategic opportunity period, determine to work hard with full confidence and dedication to continuously give full play to its core competitive advantages, strive to improve its shortcomings, and accelerate the construction of a new pattern of high-quality development. In 2023, the Group plans to achieve polysilicon production of 230,000 to 240,000 tons, and realize the installed capacity of 2-3GW for the wind power and PV power plant development and construction with revenue recognition; by the end of 2023, the Group aims to achieve the installed capacity of 3.5-4GW for the wind power and PV power plants operation for grid-connected power generation.

1. Strengthening Safety Management

In 2023, the Group will adhere to the legal red line, establish the concept of "safety-oriented", strengthen the construction and continuous improvement of the safety control system, and insist on prior control, process control, source control and closed-loop control, so as to safeguard our production safety and business operation in the long term. The Group will take into account the results of the 2022 safety system standardisation appraisal, conduct in-depth analysis of management shortcomings, enhance industry benchmarking, strengthen the construction of professional teams, and further improve the HSSE management system. In addition, the Group will carry out precise measures to improve production safety, implement the performance evaluation system for safety management members, strengthen safety management of subcontractors, establish and improve safety and quality control standards for new businesses, and strengthen safety and quality control.

2. Production Enhancement Plan

In respect of the polysilicon business, firstly, the Group will promote the improvement of the equipment monitoring standards of the existing completed polysilicon production bases, devote efforts to implement gas monitoring, video monitoring and inspection through human defense, technical defense and other means, and eliminate the bottlenecks of polysilicon production enhancement and quality improvement as well as hidden hazards of process safety production, so as to fully ensure the smooth operation of key equipment for the stable and full operation of existing production capacity; secondly, the Group will accelerate the construction of the first phase with 100,000 tons of the 200,000-ton Polysilicon Project in Zhundong, which aims to be put into operation in the first half of 2023, further enhancing the Group's core competitiveness and industry position.

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 power and PV resources in accordance with the national policy. Firstly, the Group will make efforts in the application of regular competitive resources allocation with high quality and comprehensively sort out the supporting resources and development models around the major new energy base; secondly, the Group will adhere to the strategies of "generation, grid, load and energy storage" and "multi-energy complementary" and rapidly carry out the reserve of wind power and PV resources based on the load-side demand; thirdly, the Group will accelerate the development and construction progress of the wind power and PV power plants under construction and in reserve.

3. *Quality Improvement Plan*

The Group will focus on the goal of "first-class quality", strictly adhere to the red line of quality, and strengthen the establishment of quality system for all staff, to improve the quality of polysilicon products and the construction quality of wind power and PV power plants.

With respect to the polysilicon products, firstly, the Group will, on the basis of market demand, strengthen the improvement of quality management, and optimise the control on raw materials, reduction and finished product processes, workshop cleaning control, to ensure the stability of key quality control parameters and the overall balance of impurities; secondly, the Group will strengthen quality informatization, and establish a comparison program of production and product quality parameters for the three polysilicon industrial bases, to improve the overall level of polysilicon production of the Group; thirdly, the Group will improve the quality of after-sales services and set up a closed-loop "production-marketing-market" quality evaluation system to enhance customer satisfaction.

With respect to the construction and operation of wind power and PV power plants, firstly, the Group will continually improve the construction of engineering quality system, enhance the level of quality informatization, and strengthen source management through control on design and procurement; secondly, the Group will strengthen the quality management in the construction process, implement the sample project and quality stage acceptance system, and improve the process quality management, to continuously build high-quality projects; thirdly, the Group 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, and 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 further strengthen cost management, and formulate detailed cost reduction plans and promote their implementation by focusing on key indicators such as unit consumption of main and supporting materials and energy consumption. Firstly, the Group will analyze the market trend of industrial silicon, enhance our price research and judgment capabilities for raw materials, make efforts to source raw material suppliers, and take advantage of the listing opportunity of industrial silicon futures to effectively manage raw material costs; secondly, the Group will focus on the optimization of polysilicon reduction furnace technology, the improvement of cold hydrogenation conversion rate and the development of distillation system to achieve technological breakthroughs and further reduce energy consumption and material consumption; thirdly, the Group will rapidly achieve full production capacity for the 200,000-ton Polysilicon Project in Zhundong and reduce production costs by increasing production capacity; fourthly, the Group 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, the Group will reduce construction costs by studying and predicting the price trends of key raw materials and equipment; secondly, the Group 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, the Group will accelerate the improvement of the intelligent operation, maintenance and management level of power stations, continually carry out the reliability governance of equipment, tap the potential of equipment, and constantly reduce the operation cost of power stations.

5. Technology Innovation Plan

The Group will strengthen the leading role of innovation, and improve the scientific and technological innovation system and organizational management system based on market demands and strategy development, continue to promote technological problem-solving and increase the overall efficiency of technology innovation. Firstly, the Group will push ahead the technology innovation research, constantly improve the product quality based on customers' needs, and increase the proportion of N-type silicon materials; secondly, the Group will adhere to market demand-oriented, strengthen the innovation of new technologies and new business development models and industry benchmarking learning around the major new energy base, "generation, grid, load and energy storage", zero-carbon industrial parks, shared energy storage and household PV, and increase its investment in R&D; thirdly, while strengthening our own technology innovation, the Group 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; fourthly, the Group will promote intelligent manufacturing, and through artificial intelligence and big data analysis, realize automatic process tuning, optimize management and production bottlenecks, reduce costs and improve operational efficiency, thus building a green and low-carbon intelligent enterprise that is an industry benchmark.

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, the Group will introduce top talents in the fields of silicon-based new materials, generation, grid, load and energy storage, new power systems, smart manufacturing and smart energy around the strategic goals of the "14th Five-Year" Plan, making up for the shortcomings in terms of talents; secondly, the Group will further strengthen the talent pool building, continue to improve the collaborative training mechanism for innovative and craftsman talents, build a cadre team with deep sense of professionalism and broad view of management, and continuously increase the capabilities of talents to inject new momentum into the high-quality development of the Group.

V. RISK FACTORS AND RISK MANAGEMENT

1. Risks associated with changes in policies

In order to support the rapid development of new energy industry and realize the strategic objective of "carbon emissions peaking and carbon neutrality", countries continuously introduced policies to promote the development of the new energy industry, which have a great impact on industrial development. Any material adverse adjustment in industrial policies may have an adverse impact on the Group's operations and profitability.

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

2. Risks associated with decreasing price of polysilicon

From 2020 to 2022, affected by the relationship between the supply and the demand, the price of polysilicon rose sharply. With the gradual release of new production capacity of polysilicon, the tight supply situation will be eased off, and the relationship between the supply and the demand will tend to be balanced or there will be a situation where supply is slightly greater than demand in stages. There is a risk associated with a possible decrease in polysilicon prices, which may have an adverse impact on the Group's profitability.

Efforts will be made to speed up the construction of the 200,000-ton Polysilicon Project in Zhundong such that its product quality and production capacity can be reached, forming the economy of scale of three polysilicon industrial bases in Xinjiang Ganquanpu, Inner Mongolia Baotou, and Xinjiang Zhundong. The Group will enhance technology research and process optimization, continuously improve the quality of polysilicon products, increase the proportion of N-type silicon materials, reduce energy and material consumption and production costs, as well as further enhance competitiveness and profitability.

3. 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 used silane method for the scale production of granular silicon; the amorphous silicon PV technology such as membrane and 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, as well as enhance competitiveness and profitability.

4. 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 new energy, with new initiatives regarding the industry transformation and upgrade. In this new era of development, 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 affect 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.

5. Risks associated with the reduction or cancellation of renewable energy power generation subsidies

In March and September 2022, the NDRC, the MOF and the NEA jointly issued the Notice on Carrying out Self-inspection Work on Renewable Energy Power Generation Subsidies (《關於開展可再生能源發電補貼自查工作的通知》) and the Notice on Clarifying Relevant Policy Interpretations for Verification and Identification of Renewable Energy Power Generation Subsidies (《關於明確可再生能源發電補貼核查認定有關政策解釋的通知》), deciding to carry out the verification of renewable energy power generation subsidies nationwide, which involved a total of approximately 11,825 projects. In January 2023, entrusted by the NDRC, the MOF and the NEA, the State Grid and China Southern

Power Grid officially released the Announcement on Publishing the List of the First Batch of Renewable Energy Power Generation Subsidy Compliant Projects (《關於公佈第一批可再生能源發電補貼合規項目清單的公告》) respectively, announcing a total of 7,335 compliant projects. According to the Company's self-inspection, there is a risk associated with the renewable energy power generation subsidies being possibly reduced or cancelled for certain wind power and PV power plants held and constructed by the Group, which may have a certain impact on the profitability of the Group's new energy power station construction and operation business segment, and further affect the operating results of the Group.

Based on the principle of prudence, the Group has conducted impairment tests and made provision for impairment of certain assets related to operating wind power and PV power plants that may have the risk of reduction or cancellation of the renewable energy power generation subsidies during the Reporting Period, and offset the operating revenue in 2022 against the renewable energy power generation subsidies received but may be required to be refunded. In the meantime, the Group will actively appeal and communicate with relevant Chinese government departments to reduce the adverse impact of the verification of renewable energy power generation subsidies on the Group's performance. In addition, the Group will strengthen the study and understanding of relevant policies, enhance the progress management of new energy power plants, and ensure the scheduled completion of the Group's new energy power plant construction.

6. 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 completely resolved. 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 power and PV resources and will strengthen the development efforts in geographical areas with favorable grid connections and consumption conditions. It will closely monitor the maintenance plans of power grid lines, formulate maintenance plans for internal power station projects, and reduce losses caused by grid maintenance. The Group will improve the transmission and consumption capacity of the overall power grid system through technical renovation of some power station projects with weak transmission capacity to ensure the power generation efficiency and effectiveness of the power plants.

7. Risks associated with international trade disputes and political factors

Under the background of increasing uncertainties in the international environment 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》) is effective and prohibited the import of products from Xinjiang. Part 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.

FINAL DIVIDEND

In order to accelerate the issuance of A shares of the Company, the Board recommended that no cash dividends be issued, no stock dividends be issued, no capital reserve fund be transferred to increase equity for the year ended 31 December 2022, and the remaining undistributed profits be rolled over to the next year.

In order to ensure the reasonable return of investors, the Company will, in accordance with the relevant provisions of the articles of association of the Company, submit to the general meeting for approval of the distribution of dividends at the latest distributable time. The specific profit distribution plan and proposed dividends will be separately prepared by the Board of Directors and submitted to the general meeting for consideration.

USE OF PROCEEDS FROM THE ISSUANCE OF DOMESTIC SHARES

On 28 September 2021, the Company completed the non-public issuance of 167,304,874 domestic shares to TBEA under the special mandate at a price of RMB13.73 per domestic share (the "**Issuance of Domestic Shares**"), with net proceeds (after deduction of the related costs) amounting to approximately RMB2,293.48 million.

As at 31 December 2022, the Company has utilized in full the net proceeds from the Issuance of Domestic Shares for the following purposes, and the utilization of the proceeds is as follows:

No.	**Usage**	**Allocation Amount** *(RMB million)*	**Utilized Amount as at 31 December 2021** *(RMB million)*	**Utilized Amount as at 31 December 2022** *(RMB million)*
1	Construction of the 100,000-ton Polysilicon Project in Inner Mongolia	2,000.00	1,549.78	2,000.00
2	Replenishment of working capital for the development of wind power and PV resources	293.48	292.92	293.48
	Total	2,293.48	1,842.70	2,293.48

CLOSURE OF REGISTER OF MEMBERS

In order to determine Shareholders who are entitled to attend and vote at the forthcoming annual general meeting ("**AGM**") of the Company to be held on Thursday, 18 May 2023, the register of members of the Company will be closed from Saturday, 13 May 2023 to Thursday, 18 May 2023, both days inclusive, during which no transfer of shares will be registered. Holders of H shares and domestic shares whose names appear on the register of members of the Company on Thursday, 18 May 2023 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 at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 12 May 2023 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 at No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC no later than 4:30 p.m. on Friday, 12 May 2023 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 code provisions (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own corporate governance code provisions. 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 2022, 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 as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct governing dealings by the Directors and supervisors of the Company in the securities of the Company. Having made specific enquiries, all Directors and supervisors of the Company 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 exacting than those in 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 Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's annual results for the year ended 31 December 2022 and the audited consolidated financial statements for the year ended 31 December 2022 prepared in accordance with the CASBE.

AUDITOR

SHINEWING Certified Public Accountants LLP ("**SHINEWING**") was appointed as auditor of the Company for the year ended 31 December 2022. SHINEWING has audited the consolidated financial statements of the Group for the Reporting Period, which were prepared in accordance with the CASBE. SHINEWING will retire from its office as auditor of the Company at the AGM and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of SHINEWING as auditor of the Company for the year 2023 will be proposed at the AGM.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

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 2022 annual report of the Company will be dispatched to Shareholders 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, the PRC
1 March 2023

As at 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, Mr. Huang Hanjie and Ms. Guo Junxiang as non-executive directors; Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny as independent non-executive directors.

* *For identification purpose only*