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 2023

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2023, the Group's operating revenue amounted to RMB30,751.80 million, representing a decrease of 16.51% over the corresponding period of last year.
- For the year ended 31 December 2023, the Group's total profit amounted to RMB6,104.68 million, representing a decrease of 63.70% over the corresponding period of last year.
- For the year ended 31 December 2023, the Group's net profit attributable to shareholders of the listed company amounted to RMB4,345.03 million, representing a decrease of 67.37% over the corresponding period of last year.
- For the year ended 31 December 2023, the basic earnings per share amounted to RMB3.04, representing a decrease of RMB6.27 over the corresponding period of last year.
- The Board did not recommend the declaration of a final dividend for the year ended 31 December 2023.

The board (the "**Board**") of directors (the "**Directors**") of Xinte Energy Co., Ltd. (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2022. The results were prepared in accordance with the China Accounting Standards for Business Enterprises (the "**CASBE**") and the disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

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

CONSOLIDATED BALANCE SHEET

Items	*Notes*	**31 December 2023**	31 December 2022 *(Adjusted)*
Current assets:			
Monetary capital		**13,501,472,852.29**	5,195,451,976.71
Clearing settlement funds		**—**	—
Loans to other banks		**—**	—
Financial assets held for trading		**52,454,608.34**	66,798,941.06
Derivative financial assets		**—**	—
Notes receivable	*5*	**619,108,308.08**	2,099,428,816.78
Accounts receivable	*6*	**4,901,623,717.01**	5,206,682,797.69
Receivables financing	*7*	**4,889,382,544.41**	6,172,012,029.97
Prepayments		**453,045,827.78**	729,957,458.23
Premiums receivable		**—**	—
Reinsurance accounts receivable		**—**	—
Reinsurance contract reserve receivable		**—**	—
Other receivables		**333,110,784.29**	456,140,154.87
Including: Interests receivable			—
Dividends receivable		**70,000,542.52**	78,463,017.24
Financial assets held under resale agreements		**—**	—
Inventories		**3,657,527,385.32**	4,611,331,640.47
Contract assets		**1,697,192,056.77**	1,326,016,397.80
Assets held for sale		**—**	—
Non-current assets due within one year		**—**	—
Other current assets		**1,415,476,864.31**	1,504,925,469.52
Total current assets		**31,520,394,948.60**	27,368,745,683.10

CONSOLIDATED BALANCE SHEET *(Continued)*

Items	*Notes*	**31 December 2023**	31 December 2022 *(Adjusted)*
Non-current assets:			
Loans and advances		**—**	—
Debt investments		**—**	—
Other debt investments		**—**	—
Long-term receivables		**—**	—
Long-term equity investments		**420,038,496.06**	395,877,169.52
Other equity instrument investments		**250,999,977.52**	250,999,977.52
Other non-current financial assets		**—**	—
Investment properties		**—**	—
Fixed assets		**44,297,463,724.09**	34,112,445,590.94
Construction in progress		**4,056,118,522.92**	12,137,744,003.05
Productive biological assets		**—**	—
Oil and gas assets		**—**	—
Right-of-use assets		**507,547,367.95**	331,804,558.88
Intangible assets		**1,403,620,399.79**	1,352,182,707.79
Development expenses		**—**	—
Goodwill		**—**	—
Long-term deferred expenses		**39,219,161.25**	30,560,906.25
Deferred income tax assets		**771,406,245.30**	563,362,209.15
Other non-current assets		**2,662,647,922.02**	2,610,864,101.24
Total non-current assets		**54,409,061,816.90**	51,785,841,224.34
Total assets		**85,929,456,765.50**	79,154,586,907.44

CONSOLIDATED BALANCE SHEET *(Continued)*

Items	*Notes*	**31 December 2023**	31 December 2022 *(Adjusted)*
Current liabilities:			
Short-term borrowings	*8*	**2,550,000.00**	1,932,112,636.46
Borrowing from central bank		**—**	—
Loans from other banks		**—**	—
Financial liabilities held for trading		**35,774,325.96**	3,263,277.24
Derivative financial liabilities		**—**	—
Notes payable	*9*	**7,450,380,250.01**	4,700,904,722.81
Accounts payable	*10*	**9,869,801,942.81**	10,399,018,417.81
Advances received		**—**	—
Contract liabilities		**2,271,057,038.71**	2,543,263,742.11
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		**637,628,566.85**	678,491,004.80
Taxes payable		**234,513,314.48**	712,008,231.04
Other payables		**252,984,786.55**	339,664,447.66
Including: Interests payable		**—**	—
Dividends payable		**—**	852,205.20
Handling fees and commission payable		**—**	—
Reinsurance accounts payable		**—**	—
Liabilities held for sale		**—**	—
Non-current liabilities due within one year		**2,424,803,710.26**	2,071,841,209.73
Other current liabilities		**265,789,896.78**	564,078,917.08
Total current liabilities		**23,445,283,832.41**	23,944,646,606.74

CONSOLIDATED BALANCE SHEET *(Continued)*

Items	*Notes*	**31 December 2023**	31 December 2022 *(Adjusted)*
Non-current liabilities:			
Provision for insurance contracts		**—**	—
Long-term borrowings	*8*	**19,815,564,218.10**	17,354,651,890.30
Bonds payable		**—**	—
Including: Preference shares		**—**	—
Perpetual bonds		**—**	—
Lease liabilities		**276,492,947.06**	238,202,226.90
Long-term payables		**—**	355,100,000.00
Long-term staff remuneration payables		**—**	—
Accrued liabilities		**215,862,873.09**	227,751,929.75
Deferred income		**495,472,033.59**	467,595,233.67
Deferred income tax liabilities		**448,919,894.45**	529,403,780.45
Other non-current liabilities		**—**	—
Total non-current liabilities		**21,252,311,966.29**	19,172,705,061.07
Total liabilities		**44,697,595,798.70**	43,117,351,667.81

CONSOLIDATED BALANCE SHEET *(Continued)*

Items	*Notes*	**31 December 2023**	31 December 2022 *(Adjusted)*
Shareholders' equity:			
Share capital		**1,430,000,000.00**	1,430,000,000.00
Other equity instruments		**—**	—
Including: Preference shares		**—**	—
Perpetual bonds		**—**	—
Capital reserve		**9,436,990,755.09**	9,100,232,065.48
Less: Treasury shares		**—**	—
Other comprehensive income		**-4,045,436.00**	-3,860,015.30
Special reserve		**21,664,476.17**	9,623,405.48
Surplus reserve		**981,955,892.67**	981,955,892.67
General risk reserve		**—**	—
Undistributed profit		**24,546,471,052.21**	20,201,436,523.42
Total equity attributable to the shareholders of the parent company		**36,413,036,740.14**	31,719,387,871.75
Non-controlling interest		**4,818,824,226.66**	4,317,847,367.88
Total shareholders' equity		**41,231,860,966.80**	36,037,235,239.63
Total liabilities and shareholders' equity		**85,929,456,765.50**	79,154,586,907.44

CONSOLIDATED INCOME STATEMENT

Items	Notes	2023	2022 (Adjusted)
I. Total operating revenue		**30,751,795,719.24**	36,831,400,135.08
Including: Operating revenue	11	**30,751,795,719.24**	36,831,400,135.08
Interest income		**—**	—
Premium earned		**—**	—
Handling fees and commission income		**—**	—
II. Total operating cost		**23,312,380,994.84**	19,444,176,407.81
Including: Operating cost	11	**20,465,313,183.79**	16,466,266,686.08
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		**240,407,398.75**	386,270,825.19
Selling expenses		**736,115,249.29**	657,659,868.43
Administrative expenses		**987,715,112.10**	906,491,737.75
R&D expenses		**274,030,090.28**	325,347,006.70
Financial expenses		**608,799,960.63**	702,140,283.66
Including: Interest expenses		**733,188,991.35**	786,816,577.32
Interest income		**145,122,268.50**	85,865,286.42
Add: Other revenue		**307,839,748.85**	96,983,561.04
Investment income (loss is represented by "-")		**-6,746,124.01**	42,592,626.27
Including: Investment income from associates and joint ventures		**79,411,549.81**	81,860,923.46
Gains from derecognition of financial assets measured at amortized cost		**—**	—
Gains from foreign exchange (loss is represented by "-")		**—**	—

CONSOLIDATED INCOME SHEET *(Continued)*

Items		Notes	2023	2022 *(Adjusted)*
	Gains from net exposure to hedging (loss is represented by "-")		**—**	—
	Gain on changes in fair value (loss is represented by "-")		**-30,113,864.26**	-6,067,239.59
	Impairment loss of credit (loss is represented by "-")		**-76,098,712.54**	-146,228,719.99
	Impairment loss of assets (loss is represented by "-")		**-1,526,147,119.16**	-483,637,892.57
	Gains from disposal of assets (loss is represented by "-")		**-38,675,254.77**	-42,496,202.75
III.	**Operating profit (loss is represented by "-")**		**6,069,473,398.51**	16,848,369,859.68
	Add: Non-operating revenue		**61,238,243.84**	70,680,200.93
	Less: Non-operating expenses		**26,033,116.06**	104,001,117.84
IV.	**Total profit (total loss is represented by "-")**		**6,104,678,526.29**	16,815,048,942.77
	Less: Income tax expense	*12*	**987,154,864.69**	2,495,260,376.01
V.	**Net profit (net loss is represented by "-")**		**5,117,523,661.60**	14,319,788,566.76
(I)	**Classified by continuity of operations**			
	1. Net profit from continuing operations (net loss is represented by "-")		**5,117,523,661.60**	14,319,788,566.76
	2. Net profit from discontinued operation (net loss is represented by "-")		**—**	—

CONSOLIDATED INCOME SHEET *(Continued)*

Items		*Notes*	**2023**	2022 *(Adjusted)*
(II)	**Classified by ownership**			
	1. Net profit attributable to owners of the parent company (net loss is represented by "-")		**4,345,034,528.79**	13,314,827,898.02
	2. Profit or loss attributable to non-controlling interests (net loss is represented by "-")		**772,489,132.81**	1,004,960,668.74
VI.	**Net other comprehensive income after tax**		**-244,767.34**	219,987.35
	Net other comprehensive income after tax attributable to owners of the parent company		**-185,420.70**	198,328.15
	(I) Other comprehensive income not reclassified to profit or loss		**—**	—
	1. Changes arising on remeasurement of defined benefit plans		**—**	—
	2. Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss		**—**	—
	3. Changes in fair value of investments in other equity instruments		**—**	—
	4. Changes in fair value of own credit risk of the Company		**—**	—
	5. Others		**—**	—

CONSOLIDATED INCOME SHEET *(Continued)*

Items		Notes	2023	2022 *(Adjusted)*
	(II) Other comprehensive income to be reclassified to profit or loss		**-185,420.70**	198,328.15
	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		**-185,420.70**	198,328.15
	7. Others		**—**	—
	Net other comprehensive income after tax attributable to non-controlling interest		**-59,346.64**	21,659.20
VII.	**Total comprehensive income**		**5,117,278,894.26**	14,320,008,554.11
	Total comprehensive income attributable to shareholders of the parent company		**4,344,849,108.09**	13,315,026,226.17
	Total comprehensive income attributable to non-controlling interests		**772,429,786.17**	1,004,982,327.94
VIII.	**Earnings per share:**	*13*		
	(I) Basic earnings per share (RMB/share)		**3.0385**	9.3111
	(II) Diluted earnings per share (RMB/share)		**3.0385**	9.3111

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 26 March 2024.

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 Listing Rules.

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:*** *None.*

(2) ***Changes in significant accounting estimates:*** *None.*

3 PRIOR YEAR ADJUSTMENTS

3.1 Background of prior year adjustments and process of the assessment of renewable energy power generation subsidies ("Electricity Price Subsidies")

In March and September 2022, the National Development and Reform Commission of the PRC ("**NDRC**"), the MOF and the National Energy Administration of the PRC ("**NEA**") (hereinafter, the "**Competent Authorities**") jointly issued the Notice on Carrying out Self-assessment 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 Assessment 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》), requiring the nationwide self-assessment and assessment of Electricity Price Subsidies for renewable energy power generation projects that have been connected to the grid and need subsidies as of 31 December 2021 (the "**Assessment List**"). Certain power plant projects for which the Group has recognized renewable energy power generation subsidies income in previous years were included in the Assessment List. Subsequent to the issuance of the aforesaid notice, the Group has conducted self-assessment on the renewable energy power generation projects and reported the self-assessment results to the Competent Authorities.

In January 2023, the State Grid and China Southern Power Grid, entrusted by the Competent Authorities, released the Announcement on Publishing the List of the First Batch of Verified and Confirmed Compliance Projects of Renewable Energy Power Generation Subsidy (《關於公示第一批可再生能源發電補貼核查確認的合規項目清單的公告》), certain power plant projects of the Group were included, and the Electricity Price Subsidies regarding these projects are unchanged. Certain power plant projects under the Assessment List of the Group are still subject to self-assessment and/or further assessment by the Competent Authorities, of which nine power plant projects may not obtain the Electricity Price Subsidies for which the income was recognized and which were not received yet. For details of the self-assessment of nine power plant projects, please refer to announcement of the Company dated 25 September 2023.

3.2 Self-assessment by the Company and its impact on the Group's financial statements

In the second quarter of 2023, the Company by making reference to the progress in the assessment of Electricity Price Subsidies and the accounting treatment of the assessment of Electricity Price Subsidies by listed companies and companies to be listed in the same industry, has made a correction of errors for the accounting treatment of the provision for impairment loss of credit of the accounts receivable of Electricity Price Subsidies from above nine power plant projects which may be subject to risks of Electricity Price Subsidies reduction or cancellation and for which the revenue was recognized but not yet recovered on 31 December 2022, and adjusted the revenue of the Electricity Price Subsidies recognized but not yet recovered in the consolidated financial data of 2022 to offset the operating revenue in 2022. Specific adjustments to the financial data relating to the consolidated balance sheet and consolidated income statement for the year ended 31 December 2022 are as follows:

(1) Consolidated balance sheet

	31 December 2022 (Before adjustment)	**Adjustment**	**31 December 2022 (After adjustment)**
Deferred income tax assets	669,819,363.84	-106,457,154.69	563,362,209.15
Undistributed profit	20,282,081,924.13	-80,645,400.71	20,201,436,523.42
Non-controlling interest	4,343,659,121.86	-25,811,753.98	4,317,847,367.88

(2) Consolidated income statement

	2022 (Before adjustment)	**Adjustment**	**2022 (After adjustment)**
Operating revenue	37,541,114,499.68	-709,714,364.60	36,831,400,135.08
Impairment loss of credit	-855,943,084.59	709,714,364.60	-146,228,719.99
Income tax expenses	2,388,803,221.32	106,457,154.69	2,495,260,376.01
Net profit	14,426,245,721.45	-106,457,154.69	14,319,788,566.76
Net profit attributable to owners of the parent company	13,395,473,298.73	-80,645,400.71	13,314,827,898.02
Profit or loss attributable to non-controlling interests	1,030,772,422.72	-25,811,753.98	1,004,960,668.74

4 SEGMENT INFORMATION

The chief operating decision maker ("**CODM**") have been identified as the general manager, deputy general manager and directors of the Company who are responsible for reviewing the Group's internal reports in order to assess performance and allocate resources. The management has determined the operating segments on the basis of these reports. As the Group's operations are primarily located in the PRC, the CODM considers the business from a product and service perspective. Management separately considers the polysilicon, the construction and operation of wind power and PV power plants as reportable operating segments. Other segments mainly comprise of businesses including manufacturing and sales of inverter, flexible direct current transmission converter valve, static VAR generator ("**SVG**") and other miscellaneous services.

The CODM assesses the performance of the operating segments based on revenue and gross profit margin. The transactions of inter-segment elimination 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 balance sheet. These assets are allocated based on the operations of the segment.

2023

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	19,547,674,391.04	8,344,955,506.71	2,213,212,015.42	4,477,661,895.42	-3,831,708,089.35	30,751,795,719.24
Including: Revenue from external transactions	19,518,129,685.35	6,268,048,675.54	2,213,004,077.65	2,752,613,280.70	—	30,751,795,719.24
Revenue from inter-segment transactions	29,544,705.69	2,076,906,831.17	207,937.77	1,725,048,614.72	-3,831,708,089.35	—
2. Gross profit for the segment	7,006,238,588.37	1,206,091,381.82	1,293,482,545.76	780,670,019.50	—	10,286,482,535.45
3. Investment revenue of associates and joint ventures	—	79,411,549.81	—	—	—	79,411,549.81
4. Impairment loss of credit	14,051,482.68	-13,423,019.48	-73,866,072.08	4,128,672.94	-6,989,776.60	-76,098,712.54
5. Impairment loss of assets	-1,286,456,595.55	-107,093,540.78	-100,331,553.58	-32,300,218.95	34,789.70	-1,526,147,119.16
6. Depreciation and amortization expenses	1,511,272,538.89	49,173,521.54	811,155,400.48	100,648,437.16	-46,862,378.42	2,425,387,519.65
7. Total profit	5,604,264,015.00	1,127,714,700.60	600,562,379.83	125,540,053.32	-1,353,402,622.46	6,104,678,526.29
II. Total assets	55,863,141,234.62	23,368,711,462.51	27,690,501,026.86	6,125,186,161.75	-27,118,083,120.24	85,929,456,765.50
1. Long-term equity investments (investments in associates and joint ventures)	—	420,038,496.06	—	—	—	420,038,496.06
2. Increase in non-current assets (other than long-term equity investments)	96,833,503.14	164,034,640.38	1,127,243,802.63	288,124,628.81	714,778,654.91	2,391,015,229.87
III. Total liabilities	18,789,040,776.56	12,178,093,931.19	20,561,051,615.29	4,350,197,656.35	-11,180,788,180.69	44,697,595,798.70

2022 (Adjusted)

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	1,329,178,346.57	4,386,010,469.08	-6,694,110,528.25	36,831,400,135.08
Including: Revenue from external transactions	25,663,307,724.41	7,688,088,705.29	1,328,602,154.98	2,151,401,550.40	—	36,831,400,135.08
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. Gross profit for the segment	18,066,012,645.39	1,506,852,493.75	501,139,347.71	291,128,962.15	—	20,365,133,449.00
3. Investment revenue of associates and joint ventures	—	129,918,104.51	—	—	—	129,918,104.51
4. Impairment loss of credit	-12,772,427.45	-265,760,179.76	-94,786,084.00	-22,026,292.88	249,116,264.10	-146,228,719.99
5. Impairment loss of assets	-9,775,619.91	-117,313,152.05	-322,675,705.72	-33,873,414.89	—	-483,637,892.57
6. Depreciation and amortization expenses	1,068,029,288.23	51,188,745.75	766,607,264.26	91,311,386.70	-62,816,241.36	1,914,320,443.58
7. 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	25,412,031,090.70	6,296,857,452.36	-25,112,482,371.04	79,154,586,907.44
1. Long-term equity investments (investments in associates and joint ventures)	—	395,877,169.52	—	—	—	395,877,169.52
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

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

Items	Amounts in the current year	Amounts in previous year (Adjusted)
Domestic (excluding Hong Kong)	29,748,159,319.57	36,602,721,309.51
Overseas	1,003,636,399.67	228,678,825.57

5 NOTES RECEIVABLE

(1) Notes receivable by category

Items	Closing balance	Opening balance
Bank acceptance notes	588,658,993.81	2,088,941,669.56
Trade acceptance notes	30,449,314.27	10,487,147.22
Total	**619,108,308.08**	**2,099,428,816.78**

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

Item	Pledged amount at the end of the year
Bank acceptance notes	133,481,851.96
Trade acceptance notes	—
Total	**133,481,851.96**

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

Items	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Bank acceptance notes	—	51,359,058.41
Trade acceptance notes	—	1,080,000.00
Total	**—**	**52,439,058.41**

(4) Notes transferred to accounts receivable at the end of the year due to non-performance of issuers

Nil.

(5) 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	625,361,927.36	100.00	6,253,619.28	1.00	619,108,308.08
Including: Bank acceptance notes	594,605,044.26	95.08	5,946,050.45	1.00	588,658,993.81
Trade acceptance notes	30,756,883.10	4.92	307,568.83	1.00	30,449,314.27
Total	**625,361,927.36**	**100.00**	**6,253,619.28**	**—**	**619,108,308.08**

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	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**

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

		Changes of the current year			
Category	Opening balance	Accrued	Recovered or reversed	Carry-forward or written off	Closing balance
Bank acceptance notes	21,100,420.90	-15,154,370.45	—	—	5,946,050.45
Trade acceptance notes	105,930.78	201,638.05	—	—	307,568.83
Total	**21,206,351.68**	**-14,952,732.40**	**—**	**—**	**6,253,619.28**

(7) Notes receivable written off in the current year

Nil.

(8) Aging of the notes receivable at the end of the year

The aging of all the above notes receivable at the end of the year of the Group were within 365 days.

6 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	92,565,816.17	1.68	92,565,816.17	100.00	—
Bad debt provision made on a collective basis	5,411,633,005.81	98.32	510,009,288.80	9.42	4,901,623,717.01
Including: Portfolio of aging	2,742,843,289.73	49.83	360,765,923.32	13.15	2,382,077,366.41
Portfolio of electricity and subsidies	2,668,789,716.08	48.49	149,243,365.48	5.59	2,519,546,350.60
Total	**5,504,198,821.98**	**100.00**	**602,575,104.97**	**—**	**4,901,623,717.01**

	Opening balance (Adjusted)				
	Book balance		Provision for bad debts		
Category	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying amount
Bad debt provision made on individual basis	92,565,816.17	1.61	92,565,816.17	100.00	—
Bad debt provision made on a collective basis	5,661,397,429.97	98.39	454,714,632.28	8.03	5,206,682,797.69
Including: Portfolio of aging	3,264,254,972.31	56.73	350,003,782.69	10.72	2,914,251,189.62
Portfolio of electricity and subsidies	2,397,142,457.66	41.66	104,710,849.59	4.37	2,292,431,608.07
Total	**5,753,963,246.14**	**100.00**	**547,280,448.45**	**—**	**5,206,682,797.69**

1) Bad debt provision made on accounts receivable on individual basis

Name	Closing balance Book balance	Bad debt provision	Provision percentage (%)
Reduction or cancellation of electricity price subsidies for some projects	92,565,816.17	92,565,816.17	100.00
Total	**92,565,816.17**	**92,565,816.17**	**100.00**

2) Bad debt provision made on accounts receivable by portfolio of aging

Aging	Closing balance Accounts receivable	Bad debt provision	Provision percentage (%)
Within 1 year (inclusive)	1,513,496,597.44	30,269,931.93	2.00
1 year to 2 years (inclusive)	505,614,299.86	25,280,714.98	5.00
2 years to 3 years (inclusive)	425,791,747.13	85,158,349.43	20.00
3 years to 4 years (inclusive)	106,052,975.83	31,815,892.76	30.00
4 years to 5 years (inclusive)	7,293,270.51	3,646,635.26	50.00
Over 5 years	184,594,398.96	184,594,398.96	100.00
Total	**2,742,843,289.73**	**360,765,923.32**	**—**

Aging	Opening 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**	**—**

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

		Closing balance	
Item	**Accounts receivable**	**Bad debt provision**	**Provision percentage (%)**
Portfolio of electricity and subsidies	2,668,789,716.08	149,243,365.48	5.59

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

(2) Accounts receivable by aging

Aging	**Closing balance**	**Opening balance (Adjusted)**
Within 1 year (inclusive)	2,431,054,956.84	3,013,937,963.72
1 year to 2 years (inclusive)	1,086,944,284.29	1,619,714,476.63
2 years to 3 years (inclusive)	1,107,607,442.82	468,920,318.22
3 years to 4 years (inclusive)	389,891,619.56	298,141,619.77
4 years to 5 years (inclusive)	264,304,386.27	192,191,413.74
Over 5 years	224,396,132.20	161,057,454.06
Total	**5,504,198,821.98**	**5,753,963,246.14**

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

(3) Bad debt provision for accounts receivable

Category	Opening balance (Adjusted)	Changes of the current year: Accrued	Recovered or reversed	Carry-forward or written off	Others	Closing balance
Bad debt provision made on accounts receivable	547,280,448.45	83,226,412.43	—	—	-27,931,755.91	602,575,104.97
Total	**547,280,448.45**	**83,226,412.43**	**—**	**—**	**-27,931,755.91**	**602,575,104.97**

Note: Other changes in bad debt provision of the current year in an amount of RMB-27,931,755.91 were due to transfer of certain subsidiaries by TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司), a subsidiary of the Company.

7 RECEIVABLES FINANCING

Items	Closing balance	Opening balance
Notes receivable	4,889,382,544.41	6,172,012,029.97
Factoring of accounts receivable	—	—
Total	**4,889,382,544.41**	**6,172,012,029.97**

8 BANK AND OTHER BORROWINGS STRUCTURE AND MATURITY PROFILE

(1) Borrowings structure

Borrowing category	Closing balance	Opening balance
Credit borrowing	4,903,151,910.94	6,272,798,307.08
Secured borrowing	2,277,152,453.79	1,356,082,276.94
Guaranteed borrowing	555,900,380.57	495,238,230.39
Pledged borrowing	3,102,169,416.50	271,542,361.11
Secured and pledged borrowing	11,346,311,022.84	12,632,761,161.48
Factoring borrowing	2,550,000.00	6,380,000.00
Notes discounted	—	300,877,694.62
Total	**22,187,235,184.64**	**21,335,680,031.62**

(2) Maturity profile of the borrowings

Maturity date	Closing balance	Opening balance
Within 1 year	2,371,670,966.54	3,981,028,141.32
1 to 2 years	3,106,130,283.69	1,978,949,486.32
2 to 5 years	8,002,233,670.80	4,379,943,359.52
After 5 years	8,707,200,263.61	10,995,759,044.46
Total	**22,187,235,184.64**	**21,335,680,031.62**

9 NOTES PAYABLE

Category	Closing balance	Opening balance
Bank acceptance notes	7,409,105,273.55	4,527,515,819.38
Trade acceptance notes	41,274,976.46	173,388,903.43
Total	**7,450,380,250.01**	**4,700,904,722.81**

The total amount of outstanding notes payable due as at 31 December 2023 was RMB35,058,054.11, which was due to the fact that the maturity date was a holiday, which was promptly settled after the holiday.

10 ACCOUNTS PAYABLE

Item	Closing balance	Opening balance
Total accounts payable	**9,869,801,942.81**	**10,399,018,417.81**
Of which: Over 1 year	3,910,412,510.89	2,740,360,954.74

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

11 OPERATING REVENUE AND OPERATING COST

	Amounts incurred during the current year	
Items	**Revenue**	**Cost**
Main businesses	30,386,997,279.56	20,309,178,710.00
Others	364,798,439.68	156,134,473.79
Total	**30,751,795,719.24**	**20,465,313,183.79**

	Amounts incurred in previous year (Adjusted)	
Items	**Revenue**	**Cost**
Main businesses	36,337,982,456.20	16,082,471,082.66
Others	493,417,678.88	383,795,603.42
Total	**36,831,400,135.08**	**16,466,266,686.08**

12 INCOME TAX EXPENSES

Items	Amounts incurred during the current year	Amounts incurred in previous year (Adjusted)
Current income tax expenses	1,305,061,214.11	2,292,654,551.85
Deferred income tax expenses	-317,906,349.42	202,605,824.16
Total	**987,154,864.69**	**2,495,260,376.01**

13 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	12.7270	3.0385	3.0385
Net profit attributable to ordinary shareholders of the parent company after deduction of non-recurring profit or loss	12.5588	2.9956	2.9956

14 DIVIDEND

The Board did not recommend the declaration of a final dividend for the year ended 31 December 2023.

On 18 May 2023, the Company considered and approved that no final dividend for the year ended 31 December 2022 would be declared at the annual general meeting of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF INDUSTRY DEVELOPMENT STATUS

With the advancement of global "carbon neutrality" goal and continuous optimization and adjustment of the energy structure, the development of new energy represented by wind power and PV further accelerated. In 2023, China's wind power and PV installed capacity continued to grow rapidly, with the cumulative installed capacity reaching nearly 1,050GW, accounting for approximately 36% of the total installed capacity. Their dominant position in newly installed capacity was further consolidated, and the proportion of coal power installed capacity fell below 40% for the first time. In 2023, the PRC government successively launched a number of policies to promote the healthy and sustainable development of the new energy industry, promoting the transformation and upgrade of the energy structure and increasing the proportion of renewable energy.

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

- On 28 March 2023, the NEA issued Several Opinions on Accelerating the Development of Energy Digitalization and Intelligentization (《關於加快推進能源數字化智能化發展的若干意見》), which clearly requires the acceleration of the coordinated development of new energy and fossil energy, the increase in intelligent regulation of the integration of generation, grid, load and energy storage, the enhancement of substitution of new energy for energy use in production, and the promotion of reliable grid connection and orderly consumption of new energy power generation to ensure the full development of new energy resources. The development of new energy micro-grids and high-reliability digital power distribution systems should be sped up, and the intelligent and efficient configuration and operation optimization control of user-side distributed power sources and new energy storage resources should be improved to achieve the goal of industrial transformation and upgrade by 2030.

- On 6 April 2023, the NEA issued the Guiding Opinions on Energy Work in 2023 (《2023年能源工作指導意見》), which states that it is necessary to further promote the transformation of energy structure and increase the proportion of non-fossil energy to total energy consumption to around 18.3%, the proportion of power generation installed capacity of non-fossil energy to around 51.9%, and the proportion of electricity generated by wind power and PV to the electricity consumption of the whole society to 15.3%. The green and low-carbon energy transformation should be further promoted to consolidate the advantages of wind power and PV industry development, the supply of clean and low-carbon energy should be continually expanded, the renewable energy power consumption guarantee mechanism based on green certificates should be improved, and the weight of responsible consumption should be set scientifically to increase the installed capacity of wind power and PV to around 0.16 billion kW during the year.

- On 2 June 2023, the Blue Book on the Development of New Power System (《新型電力系統發展藍皮書》), compiled by 11 research institutions as coordinated by the NEA, was officially released. The blue book points out that China will anchor the strategic goal of "3060" and take 2030, 2045 and 2060 as important time nodes for the construction of a new power system to formulate a "three-step" development path for the new power system, namely the rapid transformation period (2023 to 2030), the overall formation period (2030 to 2045) and the consolidation and maturity period (2045 to 2060), thus promoting the construction of the new power system in a planned and step-by-step manner.

- On 25 July 2023, the NDRC, the MOF, and the NEA jointly issued the Notice on Full Coverage of Renewable Energy Green Power Certificates to Promote Consumption of Renewable Energy Electricity (《關於做好可再生能源綠色電力證書全覆蓋工作促進可再生能源電力消費的通知》), which clarified the scope of application of green certificates and put forward specific requirements for standardizing the issuance of green certificates, improving green certificate transactions, increasing green electricity consumption, expanding application of green certificates, and strengthening supervision on green certificates. The notice was designated to further exert the role of green certificates in building a green and low-carbon environmental value system for renewable energy power, promoting the development and utilization of renewable energy, and guiding green consumption in the whole society, so as to provide strong support for ensuring the safe and reliable supply of energy, achieving the goals of carbon emissions peaking and carbon neutrality, and propelling the green and low-carbon transformation and high-quality development of the economy and society.

- On 12 October 2023, the NDRC and the NEA jointly issued the Notice on Further Accelerating the Construction of the Electricity Spot Market (《關於進一步加快電力現貨市場建設工作的通知》), which further clarified the requirements for construction of the electricity spot market, accelerated official operation of the spot market and construction of the regional electricity market, expanded the scope of spot market construction, continued to optimize the inter-provincial trading mechanism, further expanded the scope of operating entities, encouraged new entities to participate in the electricity market, and explored new ways such as "new energy + energy storage". It aims to achieve full coverage of the electricity spot market in an orderly manner while ensuring the safe and stable supply of electricity, and gives full play to the decisive role of the market in the allocation of electricity resources, contributing to the planning and construction of new energy systems.

2. Review of Development Status of the Polysilicon Industry

According to the statistics of the Silicon Industry Branch of China Nonferrous Metals Industry Association (中國有色金屬工業協會硅業分會), the polysilicon production capacity in the PRC reached 1,471,000 tons in 2023, representing a year-on-year increase of 77.87%. Affected by the relationship between the supply and the demand, the price of polysilicon in China continued to fall generally in 2023, with the price of monocrystalline dense materials decreasing from RMB176,200/ton (tax included) at the beginning of January 2023 to RMB58,300/ton (tax included) at the end of 2023, representing a decrease of 66.91%.

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

According to the statistics from the NEA, in 2023, the world's newly installed renewable energy capacity was approximately 510GW, with China's contribution exceeding 50%. In particular, newly installed PV power generation capacity in China was 216.9GW in 2023, representing a year-on-year increase of approximately 148%. As of the end of 2023, China's accumulative installed PV power generation capacity reached 610GW. The newly installed wind power capacity in China was 75.9GW in 2023, representing a year-on-year increase of approximately 102%. As of the end of 2023, the accumulative installed wind power capacity in China reached 440GW.

II. PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

In 2023, under the guidance of the Chinese government's "14th Five-year Plan" for energy development and the goals of "3060 carbon emissions peaking and carbon neutrality", the new energy industry represented by wind power and PV power generation entered the new stage of large-scale, high-proportional, market-oriented, and high-quality development, which has played an increasingly important role in the energy system. However, due to the production expansion in various links of the PV industrial chain and the changing relationship between the supply and the demand, the market price of polysilicon products has moved in a downward trend, entering the era of "high quality and low cost" competition. Facing such opportunities and challenges, the Group accelerated the layout of polysilicon business and the release of polysilicon production capacity, increased its effort to acquire wind and PV power resources, and expanded the construction scale of operated power plants. Through innovation-driven, process control and quality problem-solving and other means to improve quality and reduce costs, the Group further improved its comprehensive competitiveness. During the Reporting Period, the Group achieved revenue from operations of RMB30,751.80 million, net profit of RMB5,117.52 million and the net profit attributable to shareholders of the listed company of RMB4,345.03 million, representing decreases of 16.51%, 64.26% and 67.37% over the corresponding period of last year, respectively.

1. Polysilicon Production

The first phase with 100,000-tons of the Group's 200,000-ton per-annum high-end electronic-grade polysilicon green low-carbon circular economy construction project in Zhundong ("**200,000-ton Polysilicon Project in Zhundong**") has been completed and put into operation in August 2023. Thus, the Group's polysilicon business production capacity has been increased to 300,000 tons per year. During the Reporting Period, the first phase with 100,000-tons of the Group's 200,000-ton Polysilicon Project in Zhundong was in the process of meeting quality and production. At the same time, due to the running-in and eliminating shortages and the process re-optimization of the cold hydrogenation system, the production capacity of other production lines has not yet fully utilized its optimal level. The Group achieved annual polysilicon production capacity of 191,300 tons and polysilicon sales of 202,900 tons, representing increases of 52.01% and 90.16% respectively over the corresponding period of last year.

In 2023, with the evolution of PV technology, N-type battery with higher conversion rate has been rapidly industrialized, continuously promoting structural adjustment in the polysilicon market, gradually tilting the pricing and demand of polysilicon products towards high-quality N-type materials. The Group responded quickly to market changes, carried out quality improvement research based on customer application quality evaluation, strengthened the construction of quality management system and strictly controlled process stability, while increasing process technology R&D innovation with the focus on key indicators such as polysilicon body and surface metal and minority carriers lifetime, and thus achieving a significant increase in the production of N-type materials.

During the Reporting Period, in spite of a significant increase in the polysilicon sales of the Group, due to the impact of the decline in polysilicon market prices, the polysilicon segment recorded revenue of RMB19,518.13 million, and achieved gross profit of RMB7,006.24 million, representing decreases of 23.95% and 61.22% respectively over the corresponding period of last year.

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

In 2023, the Group kept close abreast with the national policies, adhered to the concept of focusing on centralized development along with common development of distributed and decentralized power plants, and focused on the presence in Inner Mongolia, Heilongjiang, Gansu, Hebei and other places. It actively promoted resource acquisition mainly around project development models such as low-carbon transformation resources allocation in industrial parks, large-scale base of new energy, generation, grid, load and energy storage, household PV and energy storage. During the Reporting Period, the completed total installed capacity of PV and wind power construction projects of the Group which had been recognised as revenue amounted to 2.19GW due to the increase in market competition. The construction of wind power and PV power plants segment recorded a revenue of RMB6,268.05 million and a gross profit of RMB1,206.09 million respectively, representing decreases of 18.47% and 19.96% over the corresponding period of last year.

In 2023, the Group made full use of its advantages in clean energy development to promote the construction of operated power plants in an orderly manner, and invested in the construction of new operated power plants in Henan, Guangxi, Xinjiang and other places. It actively prepared for the preliminary work of new energy base power station operation projects to further increase the scale of the Group's operated power plants. During the Reporting Period, the operation of wind power and PV power plants segment recorded revenue of RMB2,213.00 million, representing an increase of 66.57% over the corresponding period of last year, and achieved gross profit of RMB1,293.48 million, representing an increase of 158.11% over the corresponding period of last year. As of the end of 2023, the Group had a cumulative installed capacity of approximately 3.23GW of operated power plants which have achieved grid-connected power generation, and had approximately 1 GW projects under construction.

Meanwhile, the Group vigorously carried out innovative research and market development of key equipment such as inverter, SVG and flexible direct current transmission converter valve, among which the contracts for inverters in domestic and international markets have achieved substantial growth, with shipments more than 15 GW, nearly doubling over the corresponding period of last year.

3. Technology and R&D

In terms of polysilicon production, the Group carried out technology innovation work centering on bottleneck issues such as improvement in product quality and guarantee of production stability. Firstly, the Group made breakthroughs in key and core issues such as improvement of reduction conversion rate, process operation stability and advanced distillation process control, and accelerated the implementation of technology innovation projects to improve production efficiency and stability and enhance product quality. Secondly, based on customers' needs, the Group relied on R&D centers and digital empowerment, and deepened the digital and intelligent reform of the production system by applying innovative achievements such as industrial internet platform, smart manufacturing and digital twin, to provide accurate, timely and reliable data support for production process, process and quality optimization, to reduce costs and improve production efficiency. In 2023, the Group's proportion of polysilicon dense materials increased by approximately 24 percentage points, the minority carriers lifetime increased by approximately 40%, and the body and surface metal contents decreased by approximately 70% and 40% respectively, as compared with the corresponding period of last year. During the Reporting Period, the Group deepened the construction of scientific research platform, increased cooperation between industry, academia and research institutes, strengthened goal orientation, explored cutting-edge technologies in the industry, and carried out scientific research on R&D topics such as distillation and purification, integration and adsorption as well as advanced control to further enhance the transformation and industrialization level of the Group's technology achievements. In 2023, the "National Key Laboratory for PV Materials and Batteries" jointly established by the Group and the industry-academia-research platform was officially approved, making it the only national key laboratory in Xinjiang.

In terms of the development, construction and operation of wind power and PV resources, the Group closely followed the policy direction of the "3060 carbon emissions peaking and carbon neutrality" targets to enhance its investment in technological and product innovation, and actively explored new business models to achieve the development of "horizontal and vertical expansion". In terms of technological innovation, the Group relied on its strengths in industry-academia-research cooperation to carry out innovation in areas such as split-frequency transmission and flexible direct current transmission technologies to enhance the performance of power electronic products; through innovations in the design plans such as PV flexible bracket and the truss-type fan tower, the construction period of projects was shortened, and the cost was reduced while improving the environmental adaptability of projects. In terms of product innovation, the Group carried out product innovation and R&D around high-power inverters, enhanced SVGs, and large-capacity static synchronous compensators to improve power density, reduce system energy consumption, and widen temperature operating range, effectively improving the market competitiveness of products. In terms of the exploration of new business models, the Group studied different latitude of household PV and distributed wind power layout plans, and promoted the research on low-carbon industrial park solutions for generation, grid, load and energy storage. It studied the profitable model of shared energy storage and the selection of energy storage equipment, formulated typical designs of independent energy storage power stations and technical solutions for shared energy storage power stations, so as to provide technical support for large-scale commercial operations.

In 2023, a total of 80 patents submitted by the Group were granted. As at 31 December 2023, the Group had a total of 820 domestic patents, 7 international patents, and participated in the preparation of 126 issued standards, including 6 international standards, 37 national standards and 33 industry standards.

4. Safety and Environmental Protection Construction

The Group consistently implements the “people and safety-oriented” management policy, pays close attention to the construction of HSSE (health, safety, security and environmental protection) system and on-site management and fully implements safety and environmental protection responsibilities. In 2023, the Group had no major safety production and environmental protection accidents and incidents.

Tightly surrounding the concept of “solidifying the safety foundation to guarantee operation”, the Group fully implemented the safety production responsibilities required by laws and regulations such as the Safety Production Law of the People’s Republic of China (《中華人民共和國安全生產法》). The Group strengthened the construction of safety production standardization, established, improved and fully implemented the safety production responsibility system for all employees, paid close attention to grid-based safety management, and comprehensively promoted risk prevention and control and hidden danger investigation and control. By increasing investment in safety management, enhancing the allocation of safety personnel, and carrying out safety production education and training on a regular basis, etc., the Group increased the safety professional skills of employees, capability of hidden hazards detection and the quality of safety management operation and continuously strengthened the construction of safety management informatization. Through the industrial internet platform, AI algorithm modeling, thermodynamic analysis projects and other informatization and intelligent means and the full coverage of the emergency dispatch command center platform, the Group has realized the dual prevention mechanism for safety risk hierarchical management and control and hidden hazards detection, and carried out practical and detailed work on prevention, pre-control, forecast and alert, and eliminated hidden dangers of accidents related to safety production and environmental protection in a timely manner, which effectively improved the ability to prevent and control accidents.

5. Talent Team Building

In recent years, the Group's polysilicon production scale and power station operation scale have been continuously improved, which brought certain challenges to the improvement in management system and the building of talent team. Faced with challenges, the Group focused on optimizing the talent structure, enhancing the quality of talents and improving the per capita efficiency to stimulate the organization's vitality, strengthening the team's capability and building a high-performance organization by taking organizational diagnosis, introduction of high-end talents, dual-channel construction, and empowerment training as the key measures during the Reporting Period. The Group established and improved the talent introduction mechanism with a focus on cultivating high-end scientific and technological talents, carried out school-enterprise cooperation with well-known universities to customize the cultivation of professional technical and managerial talents around cutting-edge technologies in the industry. The Group has been focusing its efforts on the local chemical engineering colleges and universities in polysilicon production bases to enhance the skills of its production personnel through the establishment of practical training bases and joint training. Meanwhile, the Group continued to improve the talent management mechanism, strengthened the construction of reserve talent echelon, optimized the performance management system; increased its care on employees, and built a comprehensive talent service and guarantee system for attracting, cultivating, using and retaining talents through a more active, open and effective policy of attracting talents to improve employee satisfaction and stability. The Group formulated a competitive salary level and a smooth appraisal and promotion channel, and set up a multi-dimensional performance appraisal and incentive mechanism, which assisted in the enhancement of the vocational skills of the employees, the realization of self-worth and the high-quality development of the Group through a variety of means.

III. OPERATING RESULTS AND ANALYSIS

Financial Review:

Revenue

The Group generates revenue mainly from three business segments, including the research and development, production and sales of the high-purity polysilicon and the development and construction and operation of wind power and PV power plants. For the year ended 31 December 2023, the revenue of the Group was RMB30,751.80 million, representing a decrease of RMB6,079.60 million or 16.51% from RMB36,831.40 million in the corresponding period of last year, which was mainly attributable to the significant decline in the price of polysilicon during the Reporting Period. The revenue of each business segment is as follows:

For the year ended 31 December 2023, the revenue of the polysilicon segment was RMB19,518.13 million, representing a decrease of RMB6,145.18 million or 23.95% from RMB25,663.31 million in the corresponding period of last year, which was mainly attributable to the significant decrease of approximately 60% as compared to the corresponding period of last year in the average selling price of polysilicon of the Group during the Reporting Period as it was affected by the changes in market supply and demand. Although the Group's polysilicon production capacity was released during the Reporting Period and sales increased by approximately 90% as compared to the corresponding period of last year, the increase in sales contributed less to earnings than the impact of lower selling prices.

For the year ended 31 December 2023, the revenue of the constructions of wind power and PV power plants segment was RMB6,268.05 million, representing a decrease of RMB1,420.04 million or 18.47% from RMB7,688.09 million in the corresponding period of last year, which was mainly due to the intensified competition in the new energy power station development and construction market during the Reporting Period, which led to a slight decline in the business scale of the Group's wind energy and PV power station construction, and an increase in owners' pure construction bidding and equipment designated procurement models, resulting in a decrease in per-watt revenue from power station construction.

For the year ended 31 December 2023, the revenue of the operation of wind power and PV power plants segment was RMB2,213.00 million, representing an increase of RMB884.40 million or 66.57% from RMB1,328.60 million in the corresponding period of last year, mainly because the Group's revenue was offset by the Electricity Price Subsidies in prior year that were recognized but were expected to be possibly irrecoverable due to the assessment of Electricity Price Subsidies in the corresponding period of last year, and 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 2023, the costs incurred by the Group was RMB20,465.31 million, representing an increase of RMB3,999.04 million or 24.29% from RMB16,466.27 million in the corresponding period of last year, which was mainly due to the release of the Group's polysilicon production capacity, the increase in sales and the increase in costs of polysilicon segment during the Reporting Period. The cost incurred by each business segment is as follows:

For the year ended 31 December 2023, the costs incurred by the polysilicon segment was RMB12,511.89 million, representing an increase of RMB4,914.59 million or 64.69% from RMB7,597.30 million in the corresponding period of last year, which was mainly due to the release of the Group's polysilicon production capacity and the increase in sales of polysilicon of approximately 90.16% as compared to the corresponding period of last year, resulting in a corresponding increase in costs during the Reporting Period.

For the year ended 31 December 2023, the cost incurred by the construction of wind power and PV power plants segment was RMB5,061.96 million, representing a decrease of RMB1,119.28 million or 18.11% from RMB6,181.24 million in the corresponding period of last year, which was mainly due to the intensified competition in the new energy power station development and construction market during the Reporting Period, which led to a slight decline in the business scale of the Group's wind energy and PV power station construction, and an increase in owners' pure construction bidding and equipment designated procurement models, resulting in a decrease in per-watt cost from power station construction.

For the year ended 31 December 2023, the cost incurred by the operation of wind power and PV power plants segment was RMB919.52 million, representing an increase of RMB92.06 million or 11.13% from RMB827.46 million in the corresponding period of last year, which was mainly due to the increase in the scale of wind power and PV power plants operation projects of the Group which have generated electricity, resulting in a corresponding increase in cost during the Reporting Period.

Gross profit and gross profit margin

For the year ended 31 December 2023, the gross profit of the Group was RMB10,286.48 million, representing a decrease of RMB10,078.65 million or 49.49% from RMB20,365.13 million in the corresponding period of last year. The comprehensive gross profit margin was 33.45%, representing a decrease of 21.84 percentage points over the corresponding period of last year, which was mainly due to a significant decrease in the sales prices of polysilicon during the Reporting Period.

Selling expenses

For the year ended 31 December 2023, the selling expenses of the Group were RMB736.12 million, representing an increase of RMB78.46 million or 11.93% from RMB657.66 million in the corresponding period of last year, which was mainly due to the fact that the Group increased efforts in exploring the market, resulting in an increase in marketing expenses during the Reporting Period.

Administrative expenses

For the year ended 31 December 2023, the administrative expenses of the Group were RMB987.72 million, representing an increase of RMB81.23 million or 8.96% from RMB906.49 million in the corresponding period of last year, which was mainly due to an increase in polysilicon production capacity of the Group, resulting in corresponding increase in administrative expenses during the Reporting Period.

Financial expenses

For the year ended 31 December 2023, the financial expenses of the Group were RMB608.80 million, representing a decrease of RMB93.34 million or 13.29% from RMB702.14 million in the corresponding period of last year, which was mainly due to an increase in deposit and a decrease in borrowing rates of the Group, with a decrease in the interest expenses during the Reporting Period.

Investment income

For the year ended 31 December 2023, the investment income of the Group was RMB-6.75 million, representing a decrease of RMB49.34 million from RMB42.59 million in the corresponding period of last year, which was mainly due to the loss from the disposal of long-term equity investments by the Group during the Reporting Period.

Income tax expenses

For the year ended 31 December 2023, the income tax expenses of the Group were RMB987.15 million, representing a decrease of RMB1,508.11 million or 60.44% from RMB2,495.26 million in the corresponding period of last year, which was mainly due to the decrease in the Group's total profit as a result of a significant decrease in the sales prices of polysilicon during the Reporting Period.

Net profit attributable to shareholders of the listed company

For the year ended 31 December 2023, the net profit attributable to shareholders of the listed company was RMB4,345.03 million, representing a decrease of RMB8,969.79 million or 67.37% from RMB13,314.83 million in the corresponding period of last year, which was mainly due to the decrease in the Group's total profit as a result of a significant decrease in the sales prices of polysilicon during the Reporting Period.

Profit or loss attributable to non-controlling interests

For the year ended 31 December 2023, the profit attributable to non-controlling interests incurred by the Group were RMB772.49 million, representing a decrease of RMB232.47 million or 23.13% from RMB1,004.96 million in the corresponding period of last year, which was mainly due to the significant decline in the sales price of polysilicon, the decrease in profit of the Company's non-wholly owned subsidiary during the Reporting Period.

Cash flows

Net cash flow generated from operating activities

For the year ended 31 December 2023, the net cash flow generated from operating activities of the Group was RMB14,371.49 million, representing an increase of RMB1,639.26 million or 12.87% from RMB12,732.23 million in the corresponding period of last year, which was mainly due to the fact that the Group's optimization of raw material procurement and payment models during the Reporting Period resulted in a decrease in operating cash expenditures; at the same time, related tax expenditures decreased as a result of the decline in polysilicon selling prices.

Net cash flow generated from investing activities

For the year ended 31 December 2023, the net cash outflow from investing activities of the Group was RMB7,148.27 million, representing a decrease of RMB7,086.52 million or 49.78% from RMB14,234.79 million in the corresponding period of last year, which was mainly due to more capital expenditure on the Group's investment in the construction of new polysilicon production capacity in the corresponding period of last year.

Net cash flow generated from financing activities

For the year ended 31 December 2023, the net cash flow generated from financing activities of the Group was RMB1,231.90 million, representing a decrease of RMB479.54 million or 28.02% from RMB1,711.44 million in the corresponding period of last year, which was mainly due to the increase in cash paid for repayment of debts of the Group during the Reporting Period.

Operation fund

	As at 31 December 2023	**As at 31 December 2022**
Balance of cash and cash equivalents at the end of the period *(RMB)*	**11,867,232,272.62**	3,409,764,114.29
Gearing ratio	**21.87%**	45.51%
Inventory turnover rate *(times)*	**4.95**	3.95
Inventory turnover days *(days)*	**72.73**	91.05

As at 31 December 2023, the balance of cash and cash equivalents at the end of the period of the Group was RMB11,867.23 million (31 December 2022: RMB3,409.76 million).

The required capital fund of the construction and operation of wind power and PV power plants in which the Group is engaged generally accounts for 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 2023, the gearing ratio of the Group was 21.87% while that as at 31 December 2022 was 45.51%. 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 4.95 times and 72.73 days respectively as at 31 December 2023, respectively, and the inventory turnover rate and turnover days of the Group were 3.95 times and 91.05 days respectively as at 31 December 2022.

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

Capital expenditure

For the year ended 31 December 2023, the major capital expenditure of the Group included: a total of RMB8,111.34 million of expenditure for the purchases of fixed assets and intangible assets as well as other long-term assets.

Pledge of assets

As at 31 December 2023, the Group's long-term borrowings with an amount of RMB16,725.63 million were secured or pledged by the Group's assets including fixed assets, construction in progress and receivables, and were guaranteed by TBEA, a controlling shareholder of the Company, and the Company, with an amount of RMB555.90 million.

Capital liquidity

As at 31 December 2023, current assets of the Group amounted to RMB31,520.39 million, among which, RMB13,501.47 million was monetary capital; RMB5,354.72 million was inventories and contract assets; RMB10,410.11 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 RMB2,201.63 million was other receivables, prepayments and other current assets, primarily consisting of deposits and pledge, prepayments and deductible value-added tax.

As at 31 December 2023, current liabilities of the Group amounted to RMB23,445.28 million, including RMB17,320.18 million of accounts payable and notes payable, primarily consisting of payables for purchase of equipment, laboring, materials, coal fuels necessary for daily operations; RMB2,271.06 million of contract liabilities, primarily consisting of the prepayments for sales of polysilicon; RMB252.98 million of other payables, primarily consisting of expenses payable, deposits payable and deposits, etc.; RMB234.51 million of taxes payable, primarily consisting of various taxes to be paid; and RMB2.55 million of short-term borrowings.

As at 31 December 2023, net current assets of the Group amounted to RMB8,075.11 million, representing an increase of RMB4,651.01 million as compared with the net current assets of RMB3,424.10 million as at 31 December 2022. The current ratio was 134.44% as at 31 December 2023, representing an increase of 20.14 percentage points as compared with the current ratio of 114.30% as at 31 December 2022. Restricted cash amounted to RMB1,634.24 million, mainly including deposits for bank acceptance, time deposit or call deposit, guarantee deposits, etc.

Credit risk

As at 31 December 2023, 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. (特變電工集團財務有限公司).

Foreign exchange risk

The Group's foreign exchange exposure is mainly related to US dollars, Euro, Indian rupee and Philippine peso, etc.. Except certain subsidiaries of the Group that use US dollars and other foreign currencies for sales, other main business operations of the Group are denominated and settled in RMB. As at 31 December 2023, some of the Group's assets and liabilities have balances in US dollars, Euro, Indian rupee and Philippine peso, etc. The foreign exchange exposure of balances in such foreign currencies is minimal, and will not have a material adverse impact on the financial position of the Group. The Group adopts reasonable hedging instruments and products to reduce the risk of exchange rate fluctuations, adheres to the principle of exchange rate hedging, clarifies the management of target exchange rates, and appropriately conducts businesses such as spot and forward settlements to avoid the risk of exchange rate fluctuations.

Interest rate risk

The Group's interest rate risk arises 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 2023, the Group did not have any material contingent liabilities.

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 equity interests transfer of wind power and PV power plant projects developed and constructed by the Group in the ordinary course of business.

Future plans for material investment or capital asset

Except for the Proposed A Share Offering and investment in the construction of the 200,000-ton Polysilicon Project in Zhundong, the Group has no other future plans for material investment or capital asset as of the date of this announcement.

For details of the Proposed A Share Offering and investment in the construction of the 200,000-ton Polysilicon Project in Zhundong, please refer to relevant information as set out in "VI. Other Information" in this announcement.

Significant investments

The Group had no significant investments during the Reporting Period.

Events after the balance sheet date

After 31 December 2023 and as of the date of this announcement, there are no significant events after the balance sheet date of the Group.

IV. PROSPECTS

Market Prospects

In January 2024, the International Energy Agency (IEA) released the Renewable Energy Outlook Report 2023, which states that by the beginning of 2025, renewable energy will become the most important power source in the world. Under the existing policies and market conditions, it is estimated that the installed capacity of global renewable energy will reach 7,300GW between 2023 and 2028. China, as the global leader in the field of renewable energy, will contribute 56% of the growth. By 2028, China will account for 60% of the new renewable energy generation in the world, while wind energy and solar energy, as representatives of renewable energy, will account for 95% of the new renewable energy generation in the next five years.

With the rapid improvement of renewable energy power generation technology, scale effect and the blessing of government incentive policies, global wind power and solar power generation have gradually shown great economic advantages and environmental protection advantages compared with fossil fuel power generation. At the same time, vigorously developing renewable energy has become a major strategic direction and concerted grand action for global energy transformation and response to climate change, and the broad market prospect will bring good opportunities for the development of the industry.

Business Plan in 2024

Against the backdrop of accelerating global transition to clean energy under the goal of carbon neutrality, renewable energy, represented by PV and wind power, is driving the global energy transformation, and there is huge room for the development of renewable energy. However, with the continuous expansion of industry production capacity, intensified market competition and rapid increase of penetration rate of N-type batteries with high conversion rate, the industry put forward higher requirements for the cost and quality of polysilicon. In 2024, the Group will, by seizing the opportunity amidst difficulties, consolidate the safety foundation to guarantee operation, and with a focus on customer experience and quality enhancement, increase scientific and technological innovation to promote development, deepen the professionalism of the enterprise to build up the team, adhere to the two-wheel drive of manufacturing and service industries, and ensure the healthy and sustainable development of the Group.

In 2024, the Group plans to achieve polysilicon production of 280,000 to 300,000 tons, and realize the installed capacity of 2-3GW for the wind power and PV power plant construction with revenue recognition. By the end of 2024, the Group aims to achieve the cumulative installed capacity of 4-5GW for the wind power and PV power plants operation for grid-connected power generation.

1. Production Safety Plan

The Group insists on "people and safety-oriented" management policy, tightening the control of safety production at all times, firmly guarding the bottom line of safety production, adhering to the problem-oriented and bottom-line thinking, and strictly implementing the safety production regulations. Firstly, the Group will strengthen the process prevention management, enhance the technical defense ability, and with safety information, digitalization and intelligence construction from the source, complete 100% of the digital transformation of safety system. Secondly, the Group will firmly establish the awareness of safety red line, push forward the implementation of the grid-based safety management on the basis of reaching standards in job skills, professionalism and safety; carry out targeted safety training, consolidate the foundation of project safety management, and implement the safety responsibility of all employees according to equipment, business and post. Thirdly, the Group will continue to carry out in-depth investigation and elimination work of hidden safety hazards, preventing risks, eliminating hidden hazards and curbing accidents, and resolutely keep the safety bottom line to safeguard the business operation.

2. Polysilicon Production Plan

In the face of structural oversupply of polysilicon, the Group will optimize its product structure and enhance its sustainable operation capability through continuous cost reduction and quality improvement measures to promote the healthy and high-quality development of the Group. Firstly, through measures such as fine parameter management and intelligent control empowerment, an intelligent process perception system will be built to strengthen production process control, ensuring the stable operation of the production system and give full play to the advantages of production capacity. Secondly, the Group will optimize process control, continuously promote production standardization and refined cost management, and reduce production energy consumption and material consumption; strengthen procurement management, and take measures such as flexible procurement, analyzing trends to purchase at optimal times to further reduce procurement costs in view of core costs such as purchasing raw materials and electricity. Thirdly, the Group will improve the quality control of the whole process of polysilicon, and further improve the product quality, increase the proportion of N-type materials and respond to the diversified needs of customers through intelligent manufacturing methods such as advanced industrial control, card edge operation and real-time analysis of big data.

3. Development, Construction and Operation Plan of Wind and PV Power Resources

The Group will accelerate the reserve, development and construction of wind and PV power resources guided by industry policies. Firstly, in terms of power station resources development, the Group will focus on the development of traditional resources in large bases of desert, Gobi and barren areas, closely track new business models such as generation, grid, load and energy storage, multi-energy complementary applications, wind power hydrogen production projects, and sand control by use of PV, and explore the paths of potential exploration and transformation of coal power, promotion of energy storage allocation and protection of self-provided green power, so as to increase resource reserves. Secondly, in terms of quality management, the Group will continue to promote the construction of quality system, build sample projects of power stations, and insist on the quality control in the whole life cycle of design, construction, operation and maintenance to enhance the construction quality of the projects. Thirdly, in terms of power station operation, a digital intelligence center covering all factors and running through the process will be established to provide high-efficiency and low-cost operation technical services through advanced technologies such as big data, cloud computing and digital twinning, so as to improve power station operation efficiency and realize asset preservation and appreciation. Fourthly, in terms of compliance management of power station construction, the Group will strengthen the risk identification and prevention mechanism of new businesses and models, develop a multi-field special compliance risk database for the new energy industry, and constantly improve the closed-loop management mechanism of compliance procedures of the whole business process.

4. Technology Innovation Plan

In line with the market, the Group will integrate internal and external superior innovation resources, deepen the reform of scientific and technological system, and expand the horizon and verticality of scientific and technological innovation to support the high-quality development of Group.

In terms of polysilicon products, the Group will continue to carry out innovation with the focus on improving quality, reducing costs and increasing production. Firstly, the Group will closely follow customer needs to achieve product quality improvement and increase the proportion of N-type materials through cold hydrogenation system optimization, flow field optimization, distillation optimization, advanced process control optimization and other measures. Secondly, the Group will control production costs and achieve product cost reduction through digitalized and refined management to reduce consumption of all types of energies and materials. Thirdly, the Group will focus on increasing production capacity utilization, and reduce equipment failures, decrease the frequency of equipment maintenance and achieve improvement in production through the construction of predictive maintenance information systems based on polysilicon "process + equipment" industrial big data analysis and other means. Fourthly, the Group will continue to enhance the industry-academia-research cooperation mode and carry out research in directions of material mechanisms and technological theory innovation. The Group will strengthen the interaction in core technologies such as cutting down reduction power consumption, improving cold hydrogenation efficiency and increasing the proportion of N-type materials, so as to promote the transformation of achievements in scientific research and innovation projects.

In terms of power station construction and operation, firstly, the Group will adhere to the policy direction, strengthen the technology innovation of new technologies and new business development models around the major new energy base, household PV, generation, grid, load and energy storage, low-carbon industrial parks, shared energy storage, distributed and decentralized power stations, and lightweight offshore VSC-HVDC transmission systems (輕型化海上柔性直流送出系統), and increase our investment in R&D. Secondly, the Group will focus on optical storage, and based on high-power string inverters, simultaneously carry out new product R&D around centralized inverters and low energy storage cost per kilowatt hour systems etc. Thirdly, the Group will promote the optimization of platform functions such as centralized control center, intelligent operation and maintenance, asset management, power trading decision-making support and in-depth integration of data, to increase operational efficiency and market competitiveness.

5. *Human Resources Plan*

The Group will always practice the talent management concept of "talent introduction as the means, talent management as the core, and talent value development as the purpose", using the business shortcoming issues as the guide and the improvement of human efficiency as the path to build a comprehensive operation structure and provide talent support for the high-quality development of the Group. Firstly, we will enhance the improvement of quality and capabilities and skills training for employees, improve per capita efficiency through training empowerment, and push forward the construction of high-skilled talent training bases. By means of cognitive experience, simulation training, etc., the Group will increase the overall quality of our employees in conjunction with skilled master studios and online learning platforms, etc. Secondly, the Group will strengthen the cultivation of technology and innovative talent, and promote the close integration of innovative talent cultivation with industrial development through cooperation with well-known universities in the form of "industry-education integration and collaborative cultivation". Thirdly, we will deepen the "dual channels" training mechanism, optimize the process of qualification assessment, and enhance the core competence of professional and technical personnel to promote the common development of the enterprise and its employees. Fourthly, the Group will formulate attractive and competitive remuneration policies in the industry and set up incentive business goals to achieve a win-win situation for both the enterprise and its employees.

V. RISK FACTORS AND RISK MANAGEMENT

1. Risks associated with changes in policies

Driven by global renewable energy development plans and carbon neutrality goals, the entire new energy industry has been developing rapidly in the past decade. With the increasing maturity of technologies in the new energy industry, the rapid expansion of market size and the continuous decline in costs, China has fully realized a grid parity, but the adjustment of the government to support policies for the new energy industry still has a significant impact on the industry. Any significant unfavorable adjustment to the policies for the new energy industry in the future may have an adverse impact on the Group's operations and profitability.

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

2. Risks associated with decreasing price of polysilicon

The price of polysilicon products is mainly determined by market supply and demand. If polysilicon production capacity continues to expand in the future but the development of the downstream photovoltaic industry is less than expected, the relationship between the supply and the demand of polysilicon products will become imbalanced, which will result in a decline in the price of polysilicon products, and thus may have an adverse impact on the Group's operations and profitability.

The Group will leverage on the scale of annual production of 300,000 tons of polysilicon to achieve stable and full production, strengthen equipment and process management, continuously improve the quality of polysilicon products, fully increase the proportion of N-type silicon materials, reduce energy and material consumption and production costs, as well as further improve competitiveness and profitability.

3. **Risks associated with technology and new product substitution**

The polysilicon production process currently adopted by the Group is the improved Siemens approach. With the continuous development of PV industry in the future, the technology route may undergo significant changes. If there is a major subversion of the polysilicon production technology or amorphous silicon PV products becoming the mainstream of the market, there may be risks associated with technology or new product substitution.

The Group will further establish and 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 approach in technology and processes to reduce the production costs, improve the product quality as well as competitiveness and profitability.

4. **Risks associated with intensified market competition**

Due to the increasing acceleration of the energy transformation, renewable energy will become the world's most important source of electricity. In this new era of development, more and more enterprises are entering the new energy industry and participating in the new production capacity or new business development, resulting in an increasingly fierce market competition, which may exert an impact on the Group's market share and profitability to a certain extent.

The Group will actively respond to the market challenges, leverage on its strengths, supply the market with quality and low-cost and competitive 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 grid connection and consumption of PV and wind power**

In recent years, while grid connection and consumption problems of the PV and wind power has been improved to some extent, the problem of wind and PV power curtailment still existed in certain regions due to limited local consumption, and problem of grid stability had not been resolved completely. The above factors may pose a certain impact on the power generation efficiency and effectiveness of the Group's new energy power plants, which may further affect the Group's operating results.

The Group will make reasonable plans during the development of wind and PV resources and will strengthen the development efforts in geographical areas with favorable grid connections and consumption conditions. It will closely monitor the maintenance plans of grid lines, formulate maintenance plans for internal power station projects, and reduce losses caused by grid maintenance to ensure the power generation efficiency and effectiveness of the power plants.

6. Internationalization Risk

In recent years, with turbulent international situation, intensifying international trade frictions, increasing uncertainties in the international environment, the PV industry has become an advantageous and strategic emerging industry in China, and is also facing a number of uncertainties in the countries where its direct or indirect overseas operations are located, such as the political, legal, economic environment, and local culture, which may have a certain impact on the operation of the Group.

The Group will carry out a comprehensive internationalization risk screening from various aspects such as politics, economy and law through continuous research of overseas policies in the new energy industry and the international economic situation, and after taking into account of its business model, strategic planning, etc., strengthen risk management and compliance system construction, so as to actively address the adverse impact of internationalization risk on the Group.

VI. OTHER INFORMATION

Employees

As at 31 December 2023, the Group had a total of 8,586 employees. Remuneration paid to the Group's employees is comprised of basic salary of the respective position and performance-based salary, with the performance-based salary determined based on the performance of the Group and performance assessment results of the employees. The Group also implemented the employee share ownership scheme, realizing the combination of medium to long-term interests of the enterprise and its employees.

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

During the Reporting Period, the Group paid employees remuneration of RMB2,032.57 million in aggregate.

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

On 5 May 2022, the Company's proposed initial public offering and listing of not exceeding 300,000,000 A Shares on the main board of the Shanghai Stock Exchange (the "**SSE**") (the "**Proposed A Share Offering**") and related matters were considered and approved at the general meeting of the Company. Due to the full implementation of the share issuance registration that has been effective since 17 February 2023, the amendments to the plan for the Proposed A Share Offering and the strategic placement under the A Share Offering were considered and approved at the general meeting of the Company on 10 May 2023 to comply with relevant requirements and meet the timing needs of the Proposed A Share Offering. The proceeds raised from the Proposed A Share Offering will be used to invest in the construction of the 200,000-ton Polysilicon Project in Zhundong. The total investment of the Project is expected to be RMB17.6 billion, of which RMB8.8 billion will be funded through the capital injection by the proceeds to be raised from the Proposed A Share Offering and own funds, whilst the remainder will be settled through bank loans and other methods. The relevant application materials of the Company for the Proposed A Share Offering were accepted by the SSE on 4 March 2023 and were approved by the Listing Review Committee of the SSE on 19 September 2023. As at the date of this announcement, the relevant regulatory authorities are reviewing the relevant materials of the Company. For details, please refer to the announcements dated 13 January 2021, 15 March 2022, 28 June 2022, 4 July 2022, 18 November 2022, 6 March 2023, 22 March 2023, 19 September 2023 and 27 December 2023, and the circulars dated 19 April 2022 and 24 April 2023 and the poll results announcements dated 5 May 2022 and 10 May 2023 of the Company.

FINAL DIVIDEND

In 2023, due to the production expansion in various links of the PV industrial chain and the changing relationship between the supply and the demand, the market price of polysilicon products started a downward trend. It is expected that the price will remain low in 2024, the industry will enter the era of competition for "high quality and low cost", and thus the Group's operation and profitability will face greater challenges. In order to further reduce production costs and improve the quality of polysilicon products, the Group will increase capital investment in scientific and technological research and development, process optimization and safety and environmental protection facilities, so as to enhance its competitiveness in the market. Meanwhile, during the "14th Five-Year Plan" period, the Group will increase its investment in new energy self-operated power stations, striving to increase the accumulated scale of completed self-operated power stations from 3.23GW as at the end of 2023 to approximately 5–6GW as at the end of 2025. The Group plans to invest in wind power and PV power plants to support the polysilicon industrial park, so as to realize the manufacturing of "green products" by use of "green power" and enhance the green and low-carbon transformation of polysilicon products.

Taking into account the development of the polysilicon industry, the Group's production and operation, future strategic planning and capital requirements, the Board recommended that no final dividend be declared for the year ended 31 December 2023, in order to enhance the Group's profitability and risk resilience, ensure the smooth implementation of the Group's medium-and long-term development strategies and maximize the interests of the Group and its shareholders.

In the future, the Company will continue to take into account the Company's business development and various factors related to profit distribution, with the aim of benefiting both the Group's development and investor returns, and to share the results of the Group's continuous development with the broad investor base.

CLOSURE OF REGISTER OF MEMBERS

In order to determine shareholders of the Company (the "**Shareholders**") who are entitled to attend and vote at the forthcoming annual general meeting ("**AGM**") of the Company to be held on Tuesday, 18 June 2024, the register of members of the Company will be closed from Thursday, 13 June 2024 to Tuesday, 18 June 2024, 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 Tuesday, 18 June 2024 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 Wednesday, 12 June 2024 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 Wednesday, 12 June 2024 for registration.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company 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 C1 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 2023, 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 C3 to the Listing Rules (the "**Model Code**") as the code of conduct governing dealings by the Directors and the Company's supervisors (the "**Supervisors**") in the securities of the Company. Having made specific enquiries, all Directors and Supervisors confirmed that they had strictly complied with the required standards set out in the Model Code during the Reporting Period. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which are on terms no less exacting than those in the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities 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 2023 and the audited consolidated financial statements for the year ended 31 December 2023 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 2023. 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 2024 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 2023 annual report of the Company will be published on the 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
26 March 2024

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

* *For identification purpose only*