新特能源

XINTE ENERGY CO., LTD.
新特能源股份有限公司

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

(Stock Code:1799)

Results Announcement
For The Year Ended 31 December 2015

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2015, revenue amounted to RMB9,441 million, representing an increase of 27.54% over the corresponding period of last year.

- For the year ended 31 December 2015, profit before taxation amounted to RMB708 million, representing an increase of 7.06% over the corresponding period of last year.

- For the year ended 31 December 2015, net profit attributable to owners of the Company amounted to RMB612 million, representing an increase of 6.43% over the corresponding period of last year.

- For the year ended 31 December 2015, earnings per share amounted to RMB0.76, representing a decrease of RMB0.24 over the corresponding period of last year.

The board of directors (the "**Board**") of Xinte Energy Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015, together with comparative figures for the corresponding period in 2014. The results were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements under the Hong Kong Companies Ordinance (Cap. 622).

CONSOLIDATED BALANCE SHEET

	Note	As of 31 December **2015** ***RMB'000***	 2014 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**9,831,693**	8,389,895
Land use rights		**503,946**	323,254
Intangible assets		**54,431**	58,539
Investments accounted for using the equity method		**102,640**	49,079
Available-for-sale financial assets		**1,000**	1,000
Deferred income tax assets		**82,644**	41,460
Other non-current assets		**351,864**	118,607
Total non-current assets		**10,928,218**	8,981,834
Current assets			
Inventories		**4,383,438**	2,873,584
Amounts due from customers for contract work		**1,342,701**	693,443
Other current assets		**292,664**	490,070
Trade and notes receivable	5	**3,036,457**	2,992,694
Prepayments and other receivables		**1,097,419**	916,949
Restricted cash		**1,285,993**	852,065
Cash and cash equivalents		**2,862,403**	962,688
Total current assets		**14,301,075**	9,781,493
Total assets		**25,229,293**	18,763,327

CONSOLIDATED BALANCE SHEET *(continued)*

		As of 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
EQUITY			
Equity attribute to owners of the Company			
Share capital		**1,024,228**	673,050
Share premium		**4,902,097**	2,827,336
Other reserves		**295,378**	240,856
Retained earnings		**1,182,991**	606,559
		7,404,694	4,347,801
Non-controlling interests		**46,242**	39,447
Total equity		**7,450,936**	4,387,248
LIABILITIES			
Non-current liabilities			
Borrowings		**3,326,500**	3,679,327
Deferred government grants		**353,666**	372,567
Total non-current liabilities		**3,680,166**	4,051,894
Current liabilities			
Trade and notes payable	6	**7,667,365**	4,426,951
Provisions and other payables		**1,625,719**	1,566,428
Amounts due to customers for contract work		**257,551**	139,264
Current income tax liabilities		**45,928**	40,844
Borrowings		**4,501,628**	4,150,698
Total current liabilities		**14,098,191**	10,324,185
Total liabilities		**17,778,357**	14,376,079
Total equity and liabilities		**25,229,293**	18,763,327

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	4	**9,440,899**	7,402,520
Cost of sales		**(7,837,326)**	(5,974,019)
Gross profit		**1,603,573**	1,428,501
Selling and marketing expenses		**(266,014)**	(188,966)
General and administrative expenses		**(566,184)**	(371,729)
Other income		**189,074**	138,499
Other gains — net		**6,326**	17,533
Operating profit		**966,775**	1,023,838
Interest income		**32,931**	24,517
Finance expenses		**(294,687)**	(388,956)
Financial expenses — net		**(261,756)**	(364,439)
Share of profit of investments accounted for using the equity method		**3,198**	2,106
Profit before income tax		**708,217**	661,505
Income tax expense	7	**(89,073)**	(8,144)
Profit for the year		**619,144**	653,361

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

		Year ended 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Profit for the year attributable to:			
Owners of the Company		**611,817**	574,833
Non-controlling interests		**7,327**	78,528
		619,144	653,361
Other comprehensive income/(loss)		**555**	(292)
Total comprehensive income for the year		**619,699**	653,069
Total comprehensive income for the year attributable to:			
Owners of the Company		**612,372**	574,541
Non-controlling interests		**7,327**	78,528
		619,699	653,069
Earnings per share for profit attribute to owners of the Company			
Basic earnings per share (RMB)	8	**0.76**	1.00
Diluted earnings per share (RMB)	8	**0.76**	1.00

1 GENERAL INFORMATION

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

The Company's parent company and ultimate holding company is Tebian Electric Apparatus Stock Co., Ltd. (特變電工股份有限公司) ("**TBEA**"), a joint stock company with limited liability incorporated in the PRC.

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

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

2 BASIS OF PREPARATION

The consolidated financial statements as of the year 2015 presented in the announcement has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**").

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

These policies have been consistently applied to all the years presented, unless otherwise stated.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) New and amended standards adopted by the Group

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

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

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

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

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

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

(c) New Standards and interpretations not yet adopted

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

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

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

Contemporaneous documentation is still required under the standard but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

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

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

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

4 SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

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

Entity-wide information

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

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

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

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

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

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

5 TRADE AND NOTES RECEIVABLE

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

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

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

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

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

6 TRADE AND NOTES PAYABLE

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

The aging analysis of trade payables is as follows:

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

7 INCOME TAX EXPENSE

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

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

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

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

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

8 EARNINGS PER SHARE

(a) *Basic*

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

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

(b) *Diluted*

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

9 DIVIDENDS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

I. Review on Industrial Development Trend

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

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

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

II. The main business operations of the Company

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

1. Polysilicon Production and Sales

In 2015, the Company actively made a marketing strategy adjustment, putting an emphasis on the purchasing needs of major customers from polysilicon downstream businesses. Through the implementation of the project of "Sharing Growth with Clients", the Company turned from a merely polysilicon-products seller to an overall-solution provider of polysilicon material for silicon enterprises. The Company carried on in-depth cooperation with key accounts from the industry. In 2015, the Company completed a total contract volume of 21,900 tons of polysilicon, an increase of 40.11% compared with the corresponding period of last year. Through research and development (the "**R&D**"), process optimization, and tapping productivity potentials, the Company achieved a surplus output of polysilicon again. As polysilicon price plummeted, we recorded a gross profit of RMB687 million, representing a decrease of 18.05% over the corresponding period of last year.

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

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

3. Domestic Photovoltaic and Wind Power Resources Development

In 2015, adhering to the initiative of National Energy Corridor, the Company laid an emphasis on the core markets of new energy, which continuously contributes to the leading position as an alternative energy system integrator. The Company vigorously explored the markets of and developed PV projects in ground mounted, fishery-photovoltaic power plants. We have enhanced design skills, integration, installation, commissioning, acceptance, and the ability to respond to complex environments for the overall PV power plant. In 2015, the Company achieved installed capacity of 1.2 GW for PV and wind power projects like Engineering — Procurement — Construction (the "**EPC**"), Procurement and Construction (the "**PC**") and Build and Transfer (the "**BT**"); we carried on a wide range of talks about cooperation on BT with more than 10 enterprises like China Huadian Corporation, China Huaneng Group, Shanxi Zhangze Power Co., Ltd, Trina Solar Co., Ltd, Jinko Solar Co., Ltd, with an achievement of project transfer totaling 310MW. As of the end of the reporting period, the installed capacity of completed but not transferred and the commenced BT projects of the Company totaled 687.5MW.

4. International Market

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

5. BOO Projects Development

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

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

6. Scientific Researches and Development

The Company collaborated with academic institutions like Tsinghua University, Tianjin University, Chinese Academy of Sciences, domestic and foreign R&D institutions as well as equipment manufacturers to carry out industry-research cooperation in relation to bottlenecks for polysilicon production, which has further improved the technology and process of polysilicon production. With regard to project contracting and inverter production, the Company collaborated with domestic research institutions like Tsinghua University and Xi'an Jiaotong University in such sectors like grid-connection, support system optimization and dust detection, and was in charge of research subjects under the National High Technology Research and Development Program (the "**863 Program**").

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

7. *Photovoltaic and Wind Power Resource Reserves*

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

III. Operating Results and Analysis

Financial Review

Business Performance Table

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

Revenue

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

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

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

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

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

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

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

Cost of sales

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

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

For the year ended 31 December 2015, the cost of sales incurred by polysilicon production segment was RMB1.45 billion, representing an increase of RMB239.53 million or 19.79% over RMB1.21 billion in the corresponding period of last year. The increase was mainly because the sales of polysilicon in 2015 increased. At the same time, the Company increased the technology promotion, strengthened the supervision of cost, leading to the decrease in the production cost.

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

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

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

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

Gross profit and gross profit margin

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

Other income and gains

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

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

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

Selling and marketing expenses

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

General and administrative expenses

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

Financial expenses — net

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

Share of profit of investments accounted for using the equity method

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

Income tax expense

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

Profit attributable to the owners of the Company

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

Profit attributable to the non-controlling interests

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

Cash Flows

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

Net cash inflow generated from operating activities

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

Net cash outflow used in investing activities

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

Net cash inflow generated from financing activities

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

Operation Fund

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

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

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

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

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

Capital expenditure

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

Contingent liabilities

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

Assets mortgage

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

Major acquisition and disposal of assets

During the reporting period, the Group had no major acquisition and disposal of assets related to the affiliated company or the associate company.

Major investments

In 2015, the Group had no major investments.

Foreign exchange risks

Most of the Group's business is located in China and is traded in RMB. The Group's assets and liabilities involved in exchange risks and transactions from the operation are mainly related to US dollar and Hong Kong dollar. The directors of the Company believe that the exposure of the foreign exchange risk is minimal, and the said risk will not have material adverse risk on the financial performance of the Group. The Group guarded against exchange rate risk effectively by participating in direct financing market in China and abroad, exploring new financing products and striving for long-term fixed rate financial products widely.

Cash flow interest rate risk

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

Credit risk

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

Liquidity risk

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

Events after the balance sheet date

(a) As at 21 January 2016, over-allotment option has been exercised partially, and the Company has issued 20,776,800 ordinary shares at the price of HK$8.80 at aggregate consideration of approximately HK$182,836,000 before deducting expenses. Upon the completion of global offer and over-allotment option, the total number of ordinary shares amounted to 1,045,005,162.

(b) The Board recommended the payment of final dividends for the year ended 2015 on the Board meeting held on 24 March 2016. Please refer to the subheading "Final Dividend" about the details.

IV. Prospects

- ***Market Prospects***

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

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

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

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

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

- ***Business plan in 2016***

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

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

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

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

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

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

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

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

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

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

V. Risk Factors and Risk Management

(1) The risk of reduction in price of polysilicon

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

(2) The risk of market competition

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

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

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

(4) The risk of power tariff cut

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

USE OF PROCEEDS

The H shares of the Company were listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 December 2015. Net proceeds of the Company's listing was approximately HK$1,382.60 million (including over-allotment). As of 31 December 2015, the planned uses of proceeds are as follow:

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

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

FINAL DIVIDEND

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

Withholding and Payment of Final Dividend Income Tax

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

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

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

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

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

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

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

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

CLOSURE OF REGISTER OF MEMBERS

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

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

CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE ON SECURITIES TRANSACTIONS

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

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 securities during the period from the Listing Date to the date of this announcement.

AUDIT COMMITTEE

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

BUSINESS REVIEW

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

ENVIRONMENTAL POLICY AND PERFORMANCE OF THE COMPANY

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

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

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

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

AUDITOR

PricewaterhouseCoopers was appointed as the auditor to audit the consolidated financial statements prepared in accordance with the IFRS for the year ended 31 December 2015. The consolidated financial statements prepared in accordance with the IFRS have been audited by PricewaterhouseCoopers. The Company has retained PricewaterhouseCoopers since the date of preparation of its listing.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2015 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.xtnysolar.com) and the 2015 Annual Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Xinjiang, China, 24 March 2016

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