新特能源

XINTE ENERGY CO., LTD.
新特能源股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 1799)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2021, the Group's operating revenue amounted to RMB22,523.04 million, representing an increase of 58.81% over the corresponding period of last year.
- For the year ended 31 December 2021, the Group's total profit amounted to RMB6,318.35 million, representing an increase of 608.08% over the corresponding period of last year.
- For the year ended 31 December 2021, the Group's net profit attributable to shareholders of the listed company amounted to RMB4,955.26 million, representing an increase of 680.88% over the corresponding period of last year.
- For the year ended 31 December 2021, the basic earnings per share amounted to RMB3.92, representing an increase of RMB3.39 over the corresponding period of last year.
- The Board recommends the payment of a final dividend in the total amount of RMB1.573 billion for the year ended 31 December 2021, subject to the approval at the AGM.

The board of directors (the "**Board**") of Xinte Energy Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2020. The results were prepared in accordance with the China Accounting Standards for Business Enterprises (the "**CASBE**") and the disclosure requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

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

CONSOLIDATED BALANCE SHEET

Items	*Notes*	31 December 2021	31 December 2020
Current assets:			
Monetary capital		**5,379,011,955.63**	3,664,029,585.73
Clearing settlement funds		**—**	—
Loans to other banks		**—**	—
Financial assets held for trading		**76,985,909.10**	70,282,947.84
Derivative financial assets		**—**	—
Notes receivable	*4*	**1,802,510,347.06**	1,065,211,611.38
Accounts receivable	*5*	**6,103,309,452.01**	4,586,204,704.25
Receivables financing	*6*	**3,608,991,052.55**	739,930,417.92
Prepayments		**506,285,453.13**	684,064,644.44
Premiums receivable		**—**	—
Reinsurance accounts receivable		**—**	—
Reinsurance contract reserve receivable		**—**	—
Other receivables		**956,586,468.71**	969,641,663.84
Including: Interests receivable		**—**	—
Dividends receivable		**96,264,269.15**	89,378,628.47
Financial assets held under resale agreements		**—**	—
Inventories		**3,718,223,400.66**	2,214,976,248.03
Contract assets		**1,221,834,859.55**	2,249,743,779.05
Assets held for sale		**—**	—
Non-current assets due within one year		**—**	—
Other current assets		**514,586,043.05**	152,586,938.17
Total current assets		**23,888,324,941.45**	16,396,672,540.65

Items	*Notes*	**31 December 2021**	31 December 2020
Non-current assets:			
Loans and advances		**—**	—
Debt investments		**—**	—
Other debt investments		**35,023,968.14**	40,663,977.82
Long-term receivables		**—**	—
Long-term equity investments		**437,492,843.11**	323,435,980.37
Other equity instrument investments		**1,000,000.00**	8,066,041.44
Other non-current financial assets		**—**	—
Investment properties		**—**	—
Fixed assets		**25,216,001,023.25**	16,770,274,852.16
Construction in progress		**4,569,815,889.50**	8,614,339,903.08
Productive biological assets		**—**	—
Oil and gas assets		**—**	—
Right-of-use assets		**141,505,795.43**	142,534,305.94
Intangible assets		**1,082,678,082.48**	757,446,653.77
Development expenses		**—**	10,988,413.46
Goodwill		**—**	—
Long-term deferred expenses		**4,586,783.88**	9,581,513.73
Deferred income tax assets		**401,741,931.37**	331,767,780.09
Other non-current assets		**2,420,701,886.79**	1,908,744,065.07
Total non-current assets		**34,310,548,203.95**	28,917,843,486.93
Total assets		**58,198,873,145.40**	45,314,516,027.58

Items	Notes	31 December 2021	31 December 2020
Current liabilities:			
Short-term borrowings		**1,766,100,999.28**	1,201,962,585.92
Borrowing from central bank		**—**	—
Loans from other banks		**—**	—
Financial liabilities held for trading		**—**	—
Derivative financial liabilities		**—**	—
Notes payable	*7*	**6,107,779,143.98**	5,497,238,441.65
Accounts payable	*8*	**5,573,094,825.40**	5,229,004,938.82
Advances received		**—**	—
Contract liabilities		**1,977,397,303.77**	922,661,885.91
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		**385,279,896.06**	196,872,207.97
Taxes payable		**861,022,895.25**	167,786,811.18
Other payables		**244,646,900.47**	342,391,868.51
Including: Interests payable		**—**	—
Dividends payable		**13,394,100.00**	167,563,550.16
Handling fees and commission payable		**—**	—
Reinsurance accounts payable		**—**	—
Liabilities held for sale		**—**	—
Non-current liabilities due within one year		**1,641,406,696.12**	1,431,495,984.90
Other current liabilities		**721,540,601.65**	766,059,581.23
Total current liabilities		**19,278,269,261.98**	15,755,474,306.09

Items	*Notes*	**31 December 2021**	31 December 2020
Non-current liabilities:			
Provision for insurance contracts		**—**	—
Long-term borrowings		**14,340,567,421.42**	13,930,469,292.04
Bonds payable		**—**	—
Including: Preference shares		**—**	—
Perpetual bonds		**—**	—
Lease liabilities		**141,365,053.58**	207,438,637.99
Long-term payables		**337,150,000.00**	318,804,471.64
Long-term staff remuneration payables		**—**	—
Accrued liabilities		**105,283,377.29**	38,473,793.22
Deferred income		**449,950,859.52**	401,799,813.63
Deferred income tax liabilities		**157,647,570.72**	160,816,389.95
Other non-current liabilities		**—**	—
Total non-current liabilities		**15,531,964,282.53**	15,057,802,398.47
Total liabilities		**34,810,233,544.51**	30,813,276,704.56

Items	*Notes*	**31 December 2021**	31 December 2020
Shareholders' equity:			
Share capital		**1,430,000,000.00**	1,200,000,000.00
Other equity instruments		**—**	—
Including: Preference shares		**—**	—
Perpetual bonds		**—**	—
Capital reserve		**9,160,068,619.11**	6,234,749,400.78
Less: Treasury shares		**—**	—
Other comprehensive income		**-4,058,343.45**	319,956.86
Special reserve		**—**	—
Surplus reserve		**547,653,992.38**	343,605,668.09
General risk reserve		**—**	—
Undistributed profit		**8,893,910,525.69**	4,262,694,085.15
Total equity attributable to the shareholders of the parent company		**20,027,574,793.73**	12,041,369,110.88
Non-controlling interest		**3,361,064,807.16**	2,459,870,212.14
Total shareholders' equity		**23,388,639,600.89**	14,501,239,323.02
Total liabilities and shareholders' equity		**58,198,873,145.40**	45,314,516,027.58

CONSOLIDATED INCOME STATEMENT

Items	*Notes*	**2021**	2020
I. Total operating revenue		**22,523,039,942.65**	14,182,284,542.71
Including: Operating revenue		**22,523,039,942.65**	14,182,284,542.71
Interest income		**—**	—
Premium earned		**—**	—
Handling fees and commission income		**—**	—
II. Total operating cost		**15,895,585,535.82**	13,701,653,910.23
Including: Operating cost		**13,231,343,761.30**	11,744,770,117.13
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		**168,200,554.73**	96,948,325.72
Selling expenses		**742,476,207.68**	506,384,133.09
Administrative expenses		**702,439,176.00**	457,374,882.23
R&D expenses		**337,245,795.65**	193,133,227.21
Financial expenses		**713,880,040.46**	703,043,224.85
Including: Interest expenses		**742,951,253.16**	688,699,649.45
Interest income		**43,616,571.23**	39,266,571.96
Add: Other revenue		**77,232,388.05**	117,888,363.03
Investment income (loss is represented by “-”)		**282,289,439.25**	672,588,507.68
Including: Investment income from associates and joint ventures		**58,083,839.06**	19,777,652.61
Gains from derecognition of financial assets measured at amortized cost		**—**	—
Gains from foreign exchange (loss is represented by “-”)		**—**	—

Items	Notes	2021	2020
Gains from net exposure to hedging (loss is represented by "-")		**9,199,497.68**	—
Gain on changes in fair value (loss is represented by "-")		**88,017.35**	7,533,112.11
Impairment loss of credit (loss is represented by "-")		**-130,122,730.43**	-240,875,314.28
Impairment loss of assets (loss is represented by "-")		**-562,332,880.78**	-142,064,878.67
Gains from disposal of assets (loss is represented by "-")		**-1,366,630.28**	4,015,029.85
III. Operating profit (loss is represented by "-")		**6,302,441,507.67**	899,715,452.20
Add: Non-operating revenue		**30,468,673.09**	31,383,781.74
Less: Non-operating expenses		**14,564,259.93**	38,777,571.29
IV. Total profit (total loss is represented by "-")		**6,318,345,920.83**	892,321,662.65
Less: Income tax expense	*9*	**934,334,896.63**	64,109,611.64
V. Net profit (net loss is represented by "-")		**5,384,011,024.20**	828,212,051.01
(I) Classified by continuity of operations			
1. Net profit from continuing operations (net loss is represented by "-")		**5,384,011,024.20**	828,212,051.01
2. Net profit from discontinued operation (net loss is represented by "-")		**—**	—

Items	*Notes*	**2021**	2020
(II) Classified by ownership			
1. Net profit attributable to owners of the parent company (net loss is represented by "-")		**4,955,264,764.83**	634,572,524.53
2. Profit or loss attributable to non-controlling interests (net loss is represented by "-")		**428,746,259.37**	193,639,526.48
VI. Net other comprehensive income after tax		**-6,135,777.29**	-1,249.43
Net other comprehensive income after tax attributable to owners of the parent company		**-4,378,300.31**	-3,459.10
(I) Other comprehensive income not reclassified to profit or loss		**-4,233,052.18**	—
1. Changes arising on remeasurement of defined benefit plans		**—**	—
2. Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss		**—**	—
3. Changes in fair value of investments in other equity instruments		**-4,233,052.18**	—
4. Changes in fair value of own credit risk of the Company		**—**	—
5. Others		**—**	—

Items	*Notes*	**2021**	2020
(II) Other comprehensive income to be reclassified to profit or loss		**-145,248.13**	-3,459.10
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		**-145,248.13**	-3,459.10
7. Others		**—**	—
Net other comprehensive income after tax attributable to non-controlling interest		**-1,757,476.98**	2,209.67
VII. Total comprehensive income		**5,377,875,246.91**	828,210,801.58
Total comprehensive income attributable to shareholders of the parent company		**4,950,886,464.52**	634,569,065.43
Total comprehensive income attributable to non-controlling interests		**426,988,782.39**	193,641,736.15
VIII. Earnings per share	*10*		
(I) Basic earnings per share (RMB/ share)		**3.92**	0.53
(II) Diluted earnings per share (RMB/ share)		**3.92**	0.53

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) (the "**TBEA**"), a joint stock company with limited liability incorporated in the PRC.

The Company and its subsidiaries (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**").

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**"), the Companies Ordinance of Hong Kong and the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), and based on the accounting policies and accounting estimates applicable to the Group.

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:

On 30 December 2021, the MOF issued the Interpretation of CASBE 15, which adjusts the accounting treatment regarding the external sales of the fixed assets before reaching intended use and the products or by-products produced during the R&D process, with effect from 1 January 2022.

According to the Interpretation of CASBE 15, an enterprise that commences external sales of the fixed assets before reaching intended use and the products or by-products produced during the R&D process (the "**trial sales**") shall comply with the requirements of the CASBE 14 — Revenue and CASBE 1 — Inventories to account for the revenue and costs related to the trial sales respectively and include them in the current profit or loss. The net amount of revenue from trial sales offset by the related costs shall not be offset against the fixed asset costs or R&D expenses. It also stipulates the accounting treatment for necessary expenses before the external sales of products or by-products produced during the trial sales, and the expenses for testing the fixed assets for intended use.

The Group adopted the retrospective adjustment method for the change in accounting policy in accordance with the relevant requirements of the Interpretation of CASBE 15. The comparative financial statements for 2020 have been restated and the adjustments involved during the Reporting Period are as follows:

Impact on the consolidated balance sheet in 2020:

Items	After adjustment	Before adjustment	Adjustment Amounts
Fixed assets	16,770,274,852.16	16,832,417,194.47	-62,142,342.31
Construction in progress	8,614,339,903.08	8,617,964,276.39	-3,624,373.31
Deferred income tax assets	331,767,780.09	332,569,384.84	-801,604.75
Deferred income tax liabilities	160,816,389.95	170,714,462.28	-9,898,072.33

Impact on the consolidated income statement in 2020:

The adjustment increased the operating revenue by RMB502,985,608.42, increased the operating costs by RMB576,322,814.86, and decreased the income tax expenses by RMB9,096,467.58.

(2) Changes in significant accounting estimates: N/A

3 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, SVG and other miscellaneous 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 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.

2021

Items	Polysilicon	Construction of wind power and PV power plants	Operation of wind power and PV power plants	Others	Inter-segment elimination	Total
I. Segment revenue and results						
1. Operating revenue	11,593,354,256.00	9,731,399,903.87	1,874,070,370.14	2,491,684,719.16	-3,167,469,306.52	22,523,039,942.65
Including: Revenue from external transactions	11,575,636,767.66	7,761,437,141.60	1,873,544,983.78	1,312,421,049.61	—	22,523,039,942.65
Revenue from inter-segment transactions	17,717,488.34	1,969,962,762.27	525,386.36	1,179,263,669.55	-3,167,469,306.52	—
2. Operating cost	4,853,319,838.85	8,661,323,263.43	586,267,043.00	1,953,153,415.02	-2,822,719,799.00	13,231,343,761.30
3. Gross profit for the segment	6,790,355,076.05	1,026,746,575.84	1,286,466,423.50	188,128,105.96	—	9,291,696,181.35
4. Investment revenue of associates and joint ventures	—	58,083,839.06	—	—	—	58,083,839.06
5. Impairment loss of credit	-28,855,345.26	-84,046,626.95	-42,821,495.70	-11,139,878.06	36,740,615.54	-130,122,730.43
6. Impairment loss of assets	-381,056,804.35	-111,387,911.30	—	-69,888,165.13	—	-562,332,880.78
7. Depreciation and amortization expenses	906,640,717.66	25,708,123.26	528,632,003.65	100,109,469.37	-31,277,564.98	1,529,812,748.96
8. Total profit	5,940,836,165.04	359,153,771.03	811,527,767.26	-308,667,396.04	-484,504,386.46	6,318,345,920.83
9. Income tax expenses	829,747,962.37	73,447,644.44	15,972,861.18	14,681,169.19	485,259.45	934,334,896.63
10. Net profit	5,111,088,202.67	285,706,126.59	795,554,906.08	-323,348,565.23	-484,989,645.92	5,384,011,024.20
II. Total assets	31,208,606,465.46	20,439,747,056.74	19,902,869,388.38	4,738,358,823.57	-18,090,708,588.75	58,198,873,145.40
1. Long-term equity investments (investments in associates and joint ventures)	—	437,492,843.11	—	—	—	437,492,843.11
2. Increase in non-current assets (other than long-term equity investments)	4,202,116,812.75	-220,025,278.79	684,706,177.93	-9,125,866.15	625,143,113.38	5,282,814,959.12
III. Total liabilities	11,854,906,372.74	11,526,474,170.22	14,319,563,948.05	2,860,744,669.10	-5,751,455,615.60	34,810,233,544.51

2020

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	4,472,466,187.42	14,492,653,166.32	887,878,897.25	2,694,987,396.33	-8,365,701,104.61	14,182,284,542.71
	Including: Revenue from external transactions	4,472,466,187.42	7,384,063,271.28	887,323,890.01	1,438,431,194.00	—	14,182,284,542.71
Revenue from inter-segment transactions		—	7,108,589,895.04	555,007.24	1,256,556,202.33	-8,365,701,104.61	—
2.	Operating cost	3,798,956,520.95	13,312,851,163.06	315,644,125.88	2,230,029,332.87	-7,912,711,025.63	11,744,770,117.13
3.	Gross profit for the segment	761,590,327.01	920,010,710.50	542,167,261.02	213,746,127.05	—	2,437,514,425.58
4.	Investment revenue of associates and joint ventures	—	19,777,652.61	—	—	—	19,777,652.61
5.	Impairment loss of credit	2,363,935.50	-175,455,410.01	-111,759,335.90	-68,802,287.96	112,777,784.09	-240,875,314.28
6.	Impairment loss of assets	-4,556,839.51	-133,979,638.15	—	1,011,328.06	-4,539,729.07	-142,064,878.67
7.	Depreciation and amortization expenses	795,999,785.17	40,302,215.15	239,827,148.47	81,773,526.36	-28,718,177.47	1,129,184,497.68
8.	Total profit	555,929,836.89	329,958,933.97	184,975,957.34	-125,773,885.30	-52,769,180.25	892,321,662.65
9.	Income tax expenses	-17,373,715.29	111,129,934.59	7,597,071.71	-5,186,286.17	-32,057,393.20	64,109,611.64
10.	Net profit	573,303,552.18	218,828,999.38	177,378,885.63	-120,587,599.13	-20,711,787.05	828,212,051.01
II.	**Total assets**	19,348,791,209.01	20,341,385,069.14	21,369,776,609.24	3,806,001,933.12	-19,551,438,792.93	45,314,516,027.58
1.	Long-term equity investments (investments in associates and joint ventures)	—	323,435,980.37	—	—	—	323,435,980.37
2.	Increase in non-current assets (other than long-term equity investments)	-293,662,260.92	282,320,116.11	6,903,014,452.01	-651,026,561.93	-1,692,589,797.50	4,548,055,947.77
III.	**Total liabilities**	8,752,446,745.89	12,927,739,889.36	14,152,924,969.56	2,735,578,158.67	-7,755,413,058.92	30,813,276,704.56

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

Items	Amounts in current year	Amounts in previous year
Domestic	22,395,870,725.83	14,087,916,545.89
Overseas	127,169,216.82	94,367,996.82

4 Notes receivable

(1) Notes receivable by category

Items	Closing balance	Opening balance
Bank acceptance notes	1,723,732,933.33	1,057,475,340.82
Trade acceptance notes	78,777,413.73	7,736,270.56
Total	**1,802,510,347.06**	**1,065,211,611.38**

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

Items	Pledged amount at the end of the year
Bank acceptance notes	833,490,619.23
Trade acceptance notes	—
Total	**833,490,619.23**

(3) Notes receivables 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	—	558,129,745.45
Trade acceptance notes	—	26,412,810.77
Total	**—**	**584,542,556.22**

(4) Method of provision for bad debts by category

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

Category	Opening balance				
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying amount
Bad debt provision made on individual basis	—	—	—	—	—
Bad debt provision made on a collective basis	1,075,971,324.63	100.00	10,759,713.25	1.00	1,065,211,611.38
Including: Bank acceptance notes	1,068,156,909.94	99.27	10,681,569.12	1.00	1,057,475,340.82
Trade acceptance notes	7,814,414.69	0.73	78,144.13	1.00	7,736,270.56
Total	**1,075,971,324.63**	**100.00**	**10,759,713.25**		**1,065,211,611.38**

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

Category	Opening balance	Changes of the year				Closing balance
		Accrued	Recovered or reversed	Carry-forward or written off	Others	
Bank acceptance notes	10,681,569.12	6,729,874.65	—	—	—	17,411,443.77
Trade acceptance notes	78,144.13	717,587.33	—	—	—	795,731.46
Total	**10,759,713.25**	**7,447,461.98**	**—**	**—**	**—**	**18,207,175.23**

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

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

5 Accounts receivable

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

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

	Opening balance				
	Book balance		Provision for bad debts		
Category	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying amount
Bad debt provision made on individual basis	—	—	—	—	—
Bad debt provision made on a collective basis	4,872,091,298.15	100.00	285,886,593.90	5.87	4,586,204,704.25
Including: Portfolio of aging	3,218,906,330.51	66.07	214,561,849.92	6.67	3,004,344,480.59
Portfolio of tariff and subsidies	1,653,184,967.64	33.93	71,324,743.98	4.31	1,581,860,223.66
Total	**4,872,091,298.15**	**100.00**	**285,886,593.90**	**—**	**4,586,204,704.25**

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

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

Aging	Accounts receivable	Opening balance Bad debt provision	Provision percentage (%)
Within 1 year (inclusive)	2,241,375,285.40	44,827,505.69	2.00
1 year to 2 years (inclusive)	431,597,075.65	21,579,853.79	5.00
2 years to 3 years (inclusive)	283,592,788.69	56,718,557.74	20.00
3 years to 4 years (inclusive)	238,961,979.01	71,688,593.71	30.00
4 years to 5 years (inclusive)	7,263,725.54	3,631,862.77	50.00
Over 5 years	16,115,476.22	16,115,476.22	100.00
Total	**3,218,906,330.51**	**214,561,849.92**	**—**

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

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

	Opening balance		
Aging	Accounts receivable	Bad debt provision	Provision percentage (%)
Portfolio of tariff and subsidies	1,653,184,967.64	71,324,743.98	4.31

(2) Accounts receivable by aging

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	4,350,167,515.00	2,965,798,655.08
1 year to 2 years (inclusive)	940,520,543.03	975,307,298.95
2 years to 3 years (inclusive)	618,125,502.94	582,111,943.38
3 years to 4 years (inclusive)	342,224,496.83	325,494,198.98
4 years to 5 years (inclusive)	226,828,878.94	7,263,725.54
Over 5 years	20,238,333.29	16,115,476.22
Total	**6,498,105,270.03**	**4,872,091,298.15**

(3) Bad debt provision for accounts receivable

		Changes of the current year				
Category	Opening balance	Accrued	Recovered or reversed	Carry-forward or written off	Others	Closing balance
Bad debt provision made on accounts receivable	285,886,593.90	114,229,364.79	—	3,623,921.14	-1,696,219.53	394,795,818.02
Total	**285,886,593.90**	**114,229,364.79**	**—**	**3,623,921.14**	**-1,696,219.53**	**394,795,818.02**

Note: Other changes in bad debt provision of the year in an amount of RMB-1,696,219.53 was due to the transfer of the Group's subsidiaries during the year.

6 Receivables financing

Items	Closing balance	Opening balance
Notes receivable	3,608,991,052.55	726,323,352.90
Factoring of accounts receivable	—	13,607,065.02
Total	**3,608,991,052.55**	**739,930,417.92**

7 Notes payable

Category	Closing balance	Opening balance
Bank acceptance notes	5,635,680,100.33	5,122,332,027.13
Trade acceptance notes	472,099,043.65	374,906,414.52
Total	**6,107,779,143.98**	**5,497,238,441.65**

The total amount of outstanding notes payable at the end of 2021 was RMB465,252.51, which was due to the fact that the holders of the notes did not make settlement in time.

8 Accounts payable

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	3,547,723,666.97	3,733,586,122.50
1 year to 2 years (inclusive)	1,030,149,961.19	594,113,122.58
2 years to 3 years (inclusive)	411,643,142.01	546,117,556.27
Over 3 years	583,578,055.23	355,188,137.47
Total	**5,573,094,825.40**	**5,229,004,938.82**

9 Income tax expenses

Items	Amounts incurred during the year	Amounts incurred last year
Current income tax calculated according to tax law and relevant regulations	1,006,410,019.17	196,472,543.64
China enterprise income tax	1,006,410,019.17	196,472,543.64
Hong Kong profits tax	—	—
Macau income tax	—	—
Deferred income tax expenses	-72,075,122.54	-132,362,932.00
Total	**934,334,896.63**	**64,109,611.64**

10 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	32.29	3.92	3.92
Net profit attributable to ordinary shareholders of the parent company after deduction of non-recurring profit or loss	31.67	3.85	3.85

11 Dividend

The Board meeting was held on 25 March 2022 and the Board recommended the payment of a final dividend of RMB1.10 per share (tax inclusive) for the year ended 31 December 2021, based on the total of 1.43 billion shares in issue, in a total amount of RMB1,573,000,000. Such dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. The proposed dividend is not reflected as a dividend payable in the consolidated financial statements.

On 16 June 2021, following the approval at the annual general meeting of 2020 of the Company, the Company has declared a final dividend of RMB0.10 per share (tax inclusive) for the year ended 31 December 2020 in a total amount of RMB120,000,000, and paid the dividend of RMB120,000,000 as of 31 December 2021 (as of 31 December 2020: RMB24,965,000).

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF INDUSTRY DEVELOPMENT STATUS

In 2021, many countries around the world have proposed the climate goals of "zero carbon" and "carbon neutrality". Clean energy represented by wind power and PV is facing unprecedented development opportunities, and the position of new energy in the field of energy and power has been further clarified. The Central Economic Working Conference emphasized that achieving "carbon emissions peak and carbon neutrality" is an inherent requirement for promoting high-quality development, and the gradual withdrawal of traditional energy should be based on a safe and reliable replacement of new energy. During the "14th Five-Year" Plan period, wind power and PV will steadily transform to be main providers of incremental electric energy, and play more active and important roles in promoting China's energy reform and the fulfilling of its commitment to addressing climate change and so in other aspects. The year of 2021 is the starting year of the "14th Five-Year" Plan. The PRC government has successively launched a number of policies to support the development of new energy industry from various aspects such as enhancing the consumption of renewable energy, constructing new power system and implementing specific action plans for carbon emissions peak, accelerating the construction of a new power system dominated by new energy.

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

- On 24 February 2021, the National Development and Reform Commission of the People's Republic of China (the "**NDRC**"), Ministry of Finance of the People's Republic of China, People's Bank of China, China Banking and Insurance Regulatory Commission and the National Energy Administration of the PRC (the "**NEA**") jointly issued the Notice on the Guidance of Increasing Financial Support to Promote the Sound and Orderly Development in Wind and PV Power Generation Industry (《關於引導加大金融支持力度促進風電和光伏發電等行業健康有序發展的通知》), requiring financial institutions to assume "green responsibility" by extending or renewing loans for renewable energy companies, granting and reasonably supporting the grant to loans with confirmed rights, prioritizing the grant of subsidies and increasing credit support, hence alleviate the production and operation difficulties of the renewable energy companies as a result of cash flow shortage, and further enhance financial support.

- On 25 February 2021, the NDRC and the NEA issued the Guiding Opinions on Promoting the Integration of Power Source and Grid and the Development of Multi-energy Complementary (《關於推進電力源網荷儲一體化和多能互補發展的指導意見》), which clarifies the implementation path of the integration of power source and grid and the development of multi-energy complementary, requires the improvement of policies and measures, enhances the guarantee capability, utilisation efficiency and the consumption level of renewable energy, to achieve high-quality development of the power system.

- On 11 May 2021, the NEA issued the Notice on Matters Relating to the Development and Construction of Wind and PV Power Generation in 2021 (《關於2021年風電、光伏發電開發建設有關事項的通知》), which stipulates the requirement for strengthening the weight guidance mechanism of renewable energy power consumption responsibility, establishing multiple grid connection guarantee mechanisms such as guaranteed grid connection and market-oriented grid connection, and accelerating the project stocks and construction, to continuously promote the high-quality development of wind and PV power generation.

- On 21 May 2021, the NDRC and the NEA issued the Notice on the Weight of Responsibilities for Consumption of Renewable Energy Power and Relevant Matters for 2021 (《關於2021年可再生能源電力消納責任權重及有關事項的通知》). Focusing on achieving the goal of raising the proportion of non-fossil energy in primary energy consumption to around 20% by 2025, the notice clarifies that starting from 2021, the weight for various provinces will be published at the beginning of each year on a rolling basis, and the weight of consumption responsibilities for the current year and the following year will be printed and distributed at the same time. The weight for the current year is a binding index, performance assessment shall be conducted on each province based on such indicator, while the weight for the following year is a prospective indicator, according to which each province shall conduct project reserve. If the weight of responsibility is not completed in the current year, the uncompleted part shall be accumulated and completed in the following year.

- On 7 June 2021, the NDRC issued the Notice on Matters Relating to the 2021 Feed-In-Tariff Policy for New Energy (《關於2021年新能源上網電價政策有關事項的通知》), which proposes that central finance will no longer subsidise the newly filed centralised PV power plants, commercial and industrial distributed PV projects and newly approved onshore wind power projects, and the grid parity will be implemented from 2021; the on-grid tariff of the above newly established projects in 2021 shall be implemented according to the local benchmark price of coal-fired power generation, or the on-grid tariff can be formed by voluntarily participating in market-oriented transactions. From 2021, the on-grid tariff for newly approved (filed) offshore wind power projects and PV thermal power projects shall be stipulated by the provincial pricing authorities, and the on-grid tariff for qualified projects can be formed through competitive allocation. For on-grid tariff higher than the local benchmark price of coal-fired power generation, the power grid companies shall settle the portion within the benchmark price.

- On 20 June 2021, the NEA issued the Notice on Submitting the County (City, District) Roof Distributed PV Development Pilot Scheme (《關於報送整縣（市、區）屋頂分佈式光伏開發試點方案的通知》), which requires to start the pilot work on promoting roof distributed PV development within the entire county (city, district), clarifies the requirements for the pilot scheme application, stipulates the minimum requirements for the proportion of PV power generation that can be installed on the roofs of specific public buildings and rural residential buildings. It will fully mobilize and leverage the initiative of the local strength, integrate resources to achieve intensive development, and further accelerate the promotion of the roof distributed PV development.

- On 20 October 2021, the NEA issued the Notice on Actively Promoting the Relevant Works on the Full Extent of Grid-connection and Utilisation of New Energy Power Generation Projects (《關於積極推動新能源發電項目能並盡並、多發滿發有關工作的通知》), which requires all power grid companies to take effective measures to ensure timely grid connection for wind power and PV power generation projects that meet the grid connection conditions in accordance with the principle of "connecting to the grid whenever it can (能並盡並)"; to implement the system of prioritizing power generation in accordance with the principle of "generating power to the full extent (多發滿發)" to further enhance power supply capacity; and to fully connect with the construction of new energy power generation projects to ensure simultaneous operation by increasing efforts in the overall planning and coordination and speeding up the construction of supporting grid connection projects for wind power and PV power generation projects.

- On 26 October 2021, the State Council of the People's Republic of China issued the Action Plan for Carbon Emissions Peak by 2030 (《2030年前碳達峰行動方案》), which proposes the main goals including increasing the proportion of consumption of non-fossil energy, improving energy efficiency and reducing carbon dioxide emissions: by 2025, reaching the proportion of consumption of non-fossil energy to around 20%, reducing power consumption per unit of GDP by 13.5% compared with that in 2020, and reducing the carbon dioxide emission per unit of GDP by 18% compared with that in 2020, so as to lay a solid foundation for achieving carbon emissions peak; by 2030, reaching the proportion of non-fossil energy consumption to around 25%, reducing the carbon dioxide emission per unit of GDP by more than 65% compared with that in 2005, so as to successfully achieve the goal of carbon emissions peak by 2030.

2. Review of Development Status of the Polysilicon Industry

According to the statistics of China Nonferrous Metals Industry Association Silicon Industry Branch (中國有色金屬工業協會硅業分會), as at the end of 2021, the global effective production capacity of polysilicon was approximately 671,000 tons, representing a year-on-year increase of 19.2%. In 2021, the global polysilicon production capacity was approximately 631,000 tons, and the total demand was approximately 653,000 tons; the polysilicon production capacity in the PRC was approximately 490,000 tons, the net import volume was approximately 116,000 tons, while the total demand was approximately 613,000 tons. Therefore, in 2021, both the global and the PRC polysilicon markets presented a status quo where supply was less than demand.

Affected by the relationship between supply and demand, the price of polysilicon in China generally rose in 2021, and repeatedly hit record highs within a decade. The transaction price of re-feeding (複投料) has risen from RMB87,600/ton at the beginning of 2021 to RMB217,200/ton at the end of June after a series of record highs; after a slight decline from July to September, such price has entered an upward channel again from the beginning of October, with a high point reached RMB272,200/ton; it fell again in December to RMB232,500/ton at the end of this year, representing an increase of 165.4% from the beginning to the end of this year. The annual average price of monocrystalline silicon re-feeding was RMB194,400/ton, representing a sharp increase of 148.3% year-on-year.

3. Review of Development Status of the PV Power Generation Industry

According to the statistics from the NEA, newly installed PV power generation capacity in China was 54.88GW in 2021, ranking first in the world for 9 consecutive years, of which newly installed capacity of centralised PV was approximately 25.60GW; newly installed capacity of distributed PV was approximately 29.28GW. In terms of the allocation of newly installed capacity, regions with higher proportions of the installed capacity were north China, east China and central China, accounting for 39%, 19% and 15% of newly installed capacity nationwide, respectively. As at the end of 2021, China's accumulative installed PV power generation capacity was approximately 306GW.

In 2021, China's PV power generation was 325.9 billion kWh, representing a year-on-year increase of 25.1%; the utilisation hours of such power were 1,163 hours, representing a year-on-year increase of 3 hours; the regions with higher utilisation hours were northeast China and north China, which were 1,471 hours and 1,229 hours, respectively, in which provinces with the highest utilisation hours were Inner Mongolia, Jilin and Sichuan, which were 1,558 hours, 1,536 hours and 1,529 hours, respectively; the utilisation rate of PV power generation was 98%, which was basically the same as that in the previous year. The PV consumption level in Xinjiang, Tibet and other places has increased significantly, with year-on-year increases in PV utilisation rate by 2.8 and 5.6 percentage points, respectively.

4. Review of Development Status of the Wind Power Generation Industry

According to the statistics from the NEA, the newly installed wind power capacity in China was 47.57GW in 2021, the second most in production since the launching of "13th Five-Year" Plan, of which newly installed capacity of onshore wind power was 30.67GW and newly installed capacity of offshore wind power was 16.90GW. In terms of the allocation of newly installed capacity, the central eastern and southern China accounted for approximately 61%, northeast China, north China and northwest China accounted for approximately 39%, indicating the further optimisation of wind power development allocation. As at the end of 2021, the accumulative installed wind power capacity in China reached 328GW.

In 2021, the output of wind power generation in China was 652.6 billion kWh, representing a year-on-year increase of approximately 40.5%. The utilisation hours of such power were 2,246 hours. Among provinces with higher utilisation hours, the utilisation hours in Fujian, western Inner Mongolia and Yunnan were 2,836 hours, 2,626 hours and 2,618 hours, respectively. The average utilisation rate of wind power in China was 96.9%, representing a year-on-year increase of 0.4 percentage point. The year-on-year increase of wind power utilisation rate was particularly notable in Hunan, Gansu and Xinjiang, where the wind power utilisation rates were 99%, 95.9% and 92.7%, respectively, representing year-on-year increases of 4.5, 2.3 and 3.0 percentage points, respectively.

II. PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

During the Reporting Period, under the dual role of industry policy guidance and market demand, the new energy industry in China achieved rapid development, with newly installed PV power generation capacity increasing by approximately 14% over the corresponding period of last year. Although the newly installed wind power capacity has decreased compared with the corresponding period of last year, it is still the year with the second most newly installed capacity in China's history. Affected by the relationship between supply and demand, the price of polysilicon rose sharply. The Group seized the opportunity of global development in the new energy industry, continuously improved the quality of polysilicon through technical innovation and process optimisation, accelerated the construction of the 100,000-ton-per-annum high-purity polysilicon green energy circular economy construction project in Inner Mongolia (the "**100,000-ton Polysilicon Project in Inner Mongolia**") and the project of technical reformation of polysilicon production lines in Xinjiang (collectively, the "**Polysilicon Construction Projects**"). Meanwhile, by increasing the efforts in the acquisition of wind and PV power resources, expanding the installed capacity of operated power stations, the Group constantly reduced its construction costs and power generation costs through technical innovation and management upgrade, which further improved the Group's comprehensive competitiveness. During the Reporting Period, the Group achieved revenue from operations of RMB22,523.04 million and the net profit attributable to shareholders of the listed company of RMB4,955.26 million, representing increases of 58.81% and 680.88% respectively over the corresponding period of last year.

1. Polysilicon Production and Construction Projects

In 2021, the Group further improved the quality of polysilicon products and reduced production costs through technological innovation, system transformation and process improvement. In terms of quality improvement, the Group strengthened the management and control of key quality control points and process parameters, further improved the proportion of monocrystalline silicon materials and realized the bulk supply of N-type monocrystalline silicon materials for downstream customers by optimizing the material flow, improving the concentration and residue removal process and improving the stability of equipment operation, etc. with the help of its informationalised and digital management platform. In terms of cost optimization, by eliminating bottlenecks affecting production through the transformation of the cold hydrogenation system, the Group has increased its own trichlorosilane supply and reduced outsourcing, thereby increasing its polysilicon production and lowering the unit production cost of polysilicon products; by optimizing cold hydrogenation and purification tower slag discharge, putting into use tail gas recovery projects, improving cold hydrogenation conversion rate, reducing reflux steam, etc., the Group has reduced the unit consumption of silicon and comprehensive electricity, thereby continuously reducing production cost. During the Reporting Period, the Group achieved a polysilicon output of 78,200 tons and a revenue of RMB11,575.64 million from the polysilicon segment, representing an increase of 158.82% over the corresponding period of last year, and achieved gross profit of RMB6,790.36 million, representing an increase of 791.60% over the corresponding period of last year.

In order to make full use of the scale effect to reduce costs and enhance competitiveness and market share, the Group is implementing the Polysilicon Construction Projects, of which the technical reformation of polysilicon production lines in Xinjiang is expected to be put into operation in the first half of 2022 and will quickly reach full production. Upon completion of the technical reformation, the polysilicon production capacity in Xinjiang will be increased to 100,000 tons per year. The 100,000-ton Polysilicon Project in Inner Mongolia officially started in June 2021, where the world's advanced, efficient, energy-saving and environmental friendly cold hydrogenation, distillation, reduction and tail gas recovery technologies were adopted to create a digital and intelligent polysilicon plant with better product quality, lower production costs and higher overall efficiency. The 100,000-ton Polysilicon Project in Inner Mongolia is progressing steadily in accordance with a rigorous plan, of which the civil construction has been basically completed and the equipment entry and commissioning work is underway, with aiming to be completed and put into production in mid-2022, and to reach production by the end of 2022. By then, the total polysilicon production capacity of the Group will reach 200,000 tons per year.

The Group has entered into polysilicon sales framework agreements with a number of downstream silicon wafer customers, laying a solid foundation for the long-term stable sales of polysilicon. Meanwhile, in order to leverage on respective professional advantages of the PV power industry chain and strengthen in-depth strategic cooperation, the Group has introduced its downstream customers, namely Shangrao Jinko Energy Industry Development Co., Ltd.* (上饒市晶科能源產業發展有限公司) and JA Solar Technology Co., Ltd. (晶澳太陽能科技股份有限公司) (the "**Investors**"), as investors of the 100,000-ton Polysilicon Project in Inner Mongolia, each holding 9% equity interests in the project company and forming a strategic partnership with capital linkage, which is beneficial to complementary advantages and win-win cooperation.

2. Development and Construction of PV and Wind Power Resources

Since 2021, new energy power generation has entered the era of subsidy-free grid parity, which makes it particularly important to seek quality grid-parity resources and strengthen project cost management. The Group kept close abreast with the national policies, adhered to the development concept of "foundation, scale and intensification-driven" approaches, focused on the development of large-scale base projects, and actively promoted the application of competitive configuration projects in various provinces centering on multi-energy complementation, PV composite, energy storage, etc. During the Reporting Period, the indicator of the Group newly secured parity projects was more than 4GW in Guizhou, Hebei, Inner Mongolia, Henan, Hubei and other provinces, among which, the Group has achieved a breakthrough in Shanxi and Ningxia in the field of energy storage projects.

In 2021, under the influence of macro-control policies, the prices of copper, aluminum, steel and other commodities fluctuated violently. Affected by raw materials and the relationship between market supply and demand, the prices of wind turbines, components, support brackets, cables and other key equipments have also changed considerably, which put forward new requirements for project cost control. The Group kept close abreast with market changes, strengthened the accuracy of front-end cost estimation of engineering projects, strictly implemented stage-based dynamic cost control, and carried out process management of the entire life cycle of engineering projects through various measures.

- Continuously optimize supplier structure, compile standardised technical specifications, and further reduce the raw material cost of projects through intensive procurement of wind turbines, turbine towers, components, support brackets, transformers, cables and engineering services with relatively uniform standards;

- Reduce engineering construction costs through system design and collector circuit path optimisation, equipment upgrades, application of new materials, etc.;

- Continue to improve and optimize the functions of the E-Cloud Platform and the integrated solution for new energy power stations, monitor the status, diagnose faults and provide predictive maintenance for various types of new energy equipment such as wind turbines, components and inverters, enhance the operation and maintenance service capability of power stations, increase power generation and reduce the cost of power generation.

At the same time, the Group strictly implemented the construction requirements of model projects, clarified the quality standards of each key process of projects, formulated the guide manual for the physical model of wind power and PV projects, and strengthened the standardization management of quality for projects under implementation, so as to continuously create high-quality projects and enhance customer trust. During the Reporting Period, the Group completed the physical model construction of 28 newly started projects. The QC subjects of four projects in the wind power base in Ximeng, Inner Mongolia won one first prize, one second prize and two third prizes, respectively, from the China Electric Power Construction Association.

During the Reporting Period, the installed capacity of PV and wind power plants, which were completed and had been recognised revenue for by the Group, was approximately 2.3GW. The wind power and PV power station construction segment achieved a revenue and a gross profit of RMB7,761.44 million and RMB1,026.75 million, respectively, representing increases of 5.11% and 11.60% over the corresponding period of last year, respectively.

3. Operation of Wind Power and PV Power Plants

During the Reporting Period, the Group's wind power project of the ultra-high voltage transmission lines base in Xiliin of Inner Mongolia and Zhundong of Xinjiang successfully completed commissioning, elimination, acceptance and other final work. By the end of 2021, the installed capacity of wind power and PV power operation plants from which the Group realized power generation revenue reached 2.2GW, representing a significant increase from 830MW by the end of 2020.

In 2021, the Group operated the centralized control centers of two major wind power and the EAM asset management system in Hami of Xinjiang and Ximeng of Inner Mongolia. The energy availability rate of the equipment exceeded 99% through the standardization of safety production, equipment health diagnosis, big data analysis, etc., further reducing the operating costs of power plants and improving the operating revenue of the wind power and PV power plants. At the same time, the Group strived to expand its power sales and trading business, and actively participated in market transaction of power, thereby continuously improving the revenue level of the power plants under operation.

During the Reporting Period, the Group's wind power and PV power plants operation segment achieved a revenue and a gross profit of RMB1,873.54 million and RMB1,286.47 million, respectively, representing an increase of 111.15% and 137.28% from the corresponding period of last year, respectively.

4. Technology and R&D

The Group kept close abreast with the policy guidance of the new energy industry, focused on the key core technologies for green and low-carbon circular development, innovated technology and R&D mechanisms, improved its core competitiveness, while promoting the research on low-carbon and low-consumption frontier technologies as well as industrial iteration and upgrade to fulfill the corporate social responsibility and ensure the healthy and long-term sustainable development of the Group.

In terms of polysilicon production, the Group leveraged on the labor model innovation workshop to carry out issues such as increasing the proportion of N-type monocrystalline materials and carbon reduction trials of internal quality; joined hands with Beijing University of Chemical Technology, Tianjin University and other renowned universities in China to leverage on external advantageous resources in an attempt to commence industry-academia-research cooperation centering on the reduction furnace CVD full process simulation, development of high-purity particle size silicon nitride ceramic powder, with the aim of innovating the industry-academia-research cooperation projects on technology and R&D; strengthened its digital construction regarding visualization of delivery management and control, quality improvement and consumption reduction, digitalized plants and other aspects, so as to realize the visualization management and control of the construction process of polysilicon plants, significantly improve polysilicon quality, achieve optimization control of reduction furnace and continuously reduce the costs of polysilicon production. During the Reporting Period, the Group's "Key Laboratory of PV Materials Preparation and Application Technology in Xinjiang (新疆光伏材料制備與應用技術重點實驗室)" successfully passed the key laboratory evaluation in Xinjiang Uygur Autonomous Region; the "Efficient Usage and Pollutant Prevention Key Laboratory of High-Alkali Coal Cleaning in Xinjiang (新疆高堿煤清潔高效利用與污染物防治重點實驗室)" was awarded a plaque by the Science & Technology Department of Xinjiang Uygur Autonomous Region and officially entered the construction period of a key laboratory.

In terms of the development and construction of wind power and PV resources, the Group initiated projects and pilot projects based on clients' needs regarding the planning of integrated energy services in the park, the development of energy management platform, the integration of generation, grid, load and energy storage, multi-energy complementarity, the simulation of integrated energy flexible direct current transmission, etc. to conduct cost difference impact analysis for different sizes of large silicon modules so as to provide a basis for the design of the subsequent project construction. The Group's "Key Technology and Application of Automatic Synchronous Operation and Active Support of

PV Storage System (光儲系統自主同步運行與主動支撐關鍵技術及應用)" won the first prize from the Science and Technology Advancement Award of Xinjiang Uygur Autonomous Region, the "Research and Application of PWM Theory for Optimization of Output Performance of Multilevel Converter (面向多電平變流器輸出性能優化的PWM理論研究及應用)" won the second prize from the Advanced Technology Award of China Power Supply Society, and the "Research on Design and Integration Technology of 100MW Smart PV System and Research on Key Equipment (「百兆瓦級智能光伏系統設計集成技術研究及關鍵設備研製)" jointly developed with Xi'an Jiaotong University won the second prize from the Advanced Technology Award of Xinjiang Uygur Autonomous Region. The I-V scanning and intelligent diagnosis system developed by the Group received the highest level of certification from the China General Certification Center, improving fault diagnosis function and scanning speed, reducing the number of manual inspections and fault loss power as well as site inspection and testing costs. The Group's ±800kV/3000MW flexible direct current transmission system converter valve and valve control products successfully passed the product certification of the China Electrical Equipment Industry Association, the overall technology of which is at the international leading level.

In 2021, a total of 102 patents submitted by the Group were granted. As of 31 December 2021, the Group had a total of 645 domestic patents, 7 international patents, and participated in the preparation of 96 standards, among which, 5 were international standards, 51 were domestic standards and 40 were industry standards.

5. Safety and Environmental Protection Construction

The Group insists on "people and safety-oriented" management policy and emphasizes HSSE (health, safety, security and environmental protection) system construction and on-site management.

The Group adopted energy conservation, consumption reduction and low-carbon emission reduction as the management objective for environmental protection, aiming to fundamentally eliminate the issues concerning non-compliance with pollution emission standards, insist on eliminating non-compliant management practices and actively carry out environmental management work. During the Reporting Period, the Group effectively improved the level of environmental pollution prevention and management by replacing residual liquid and waste gas equipment, implementing a catalyst replacement project for the denitrification system of the self-owned power plants and a dust suppression renovation project for the dry coal and dust sheds of the self-owned power plants, and engaging a third-party professional institution to provide online monitoring of environmental protection. In 2021, the energy consumption per unit was reduced by 12% from the corresponding period of last year, achieving the expected effect of emission reduction and the energy conservation objective of the year. Meanwhile, in accordance with the national carbon emission related policies and standards, the Group engaged a professional consulting institution for carbon management to instruct the relevant production departments to conduct self-examination and self-correction in relation to carbon management taking into account the production situation, so as to continuously improve the management level of low-carbon emission reduction.

In 2021, the Group enhanced its safety investment, implemented the safety production responsibility system for all employees, strengthened the standardization of safety production, formulated and implemented the safety production rules and operating procedures, strengthened the construction of a professional safety team and organized regular professional safety knowledge training for safety management to improve the safety professional skills, capability of hidden hazards detection and the quality of safety management operation. Meanwhile, the Group comprehensively implemented safety performance assessment, carried out in-depth grid-based safety management, insisted on issues-orientated approach, strengthened the digital, intelligent and automatic construction of the safety system, actively implemented online data analysis as well as big data prediction and early warning so as to enhance the risk prevention and control capabilities.

During the Reporting Period, there were no incidents concerning serious injury, death and occupational diseases of employees and environmental pollution that exceeded the HSSE objectives of the Group, which effectively ensured the orderly commencement of the Group's various production and operational activities.

6. Talent Team Building

In 2021, the Group strengthened its talent pool building in accordance with its business strategy in line with its business development needs. For the 100,000-ton Polysilicon Project in Inner Mongolia, the Group effectively built up a team by ways of relocation, internal selection, external recruitment of fresh graduates and mature talent, and allocated employees to each stage of design, construction, equipment installation, commissioning and driving to ensure the progress of the projects.

The Group established the mindset of "strengthening the enterprise with talent" with "talent cultivation, training and teams" approach, and has been improving the talent cultivation and retention mechanism. The Group initiated various types of training on a regular basis through school-enterprise cooperation, mentor-apprentice, and rotation, etc. to continuously improve the professional quality and skills of the talent team. By promoting reasonable performance and market-based salary mechanism, the Group's profitability is correlated with employees' income, thus continuously enhancing the sense of belonging of employees.

III. OPERATING RESULTS AND ANALYSIS

Financial Review:

Revenue

The Group generates revenue mainly from three business segments, including polysilicon and construction and operation of wind power and PV power plants. For the year ended 31 December 2021, the revenue of the Group was RMB22,523.04 million, representing an increase of RMB8,340.76 million or 58.81% from RMB14,182.28 million in the corresponding period of last year, which was mainly attributable to the increase in sales of the Group's polysilicon products and significant increase in sales prices, as well as the expansion of the scale of the operation of wind power and PV power plants during the Reporting Period.

Business segments	**2021** *RMB*	2020 *RMB*
Polysilicon	**11,575,636,767.66**	4,472,466,187.42
Construction of wind power and PV power plants	**7,761,437,141.60**	7,384,063,271.28
Operation of wind power and PV power plants	**1,873,544,983.78**	887,323,890.01
Others	**1,312,421,049.61**	1,438,431,194.00
Total revenue	**22,523,039,942.65**	14,182,284,542.71

For the year ended 31 December 2021, the revenue of the polysilicon segment was RMB11,575.64 million, representing an increase of RMB7,103.17 million or 158.82% from RMB4,472.47 million in the corresponding period of last year, mainly attributable to the increase in sales of the Group's polysilicon products and significant increase in sales prices during the Reporting Period.

For the year ended 31 December 2021, the revenue of the construction of wind power and PV power plants segment was RMB7,761.44 million, representing an increase of RMB377.37 million or 5.11% from RMB7,384.06 million in the corresponding period of last year.

For the year ended 31 December 2021, the revenue of the operation of wind power and PV power plants segment was RMB1,873.54 million, representing an increase of RMB986.22 million or 111.15% from RMB887.32 million in the corresponding period of last year, mainly attributable to an increase in the scale of wind power and PV power plants operated by the Group, which resulted in a corresponding increase in electricity generation capacity during the Reporting Period.

Cost

For the year ended 31 December 2021, the cost incurred by the Group was RMB13,231.34 million, representing an increase of RMB1,486.57 million or 12.66% from RMB11,744.77 million in the corresponding period of last year, which was mainly due to the increase in income arising from the main businesses of the Group, resulting in a corresponding increase in costs during the Reporting Period.

Business segments	**2021**	2020
	RMB	*RMB*
Polysilicon	**4,785,281,691.61**	3,710,875,860.41
Construction of wind power and PV power plants	**6,734,690,565.76**	6,464,052,560.78
Operation of wind power and PV power plants	**587,078,560.28**	345,156,628.99
Others	**1,124,292,943.65**	1,224,685,066.95
Total costs	**13,231,343,761.30**	11,744,770,117.13

For the year ended 31 December 2021, the cost incurred by the polysilicon segment was RMB4,785.28 million, representing an increase of RMB1,074.41 million or 28.95% from RMB3,710.88 million in the corresponding period of last year, which was mainly due to the increase in costs resulting from the increase in sales of the Group's polysilicon products and the increase in prices of raw materials such as silicon powder and trichlorosilane, as well as the increase in electricity costs during the Reporting Period.

For the year ended 31 December 2021, the cost incurred by the construction of wind power and PV power plants segment was RMB6,734.69 million, representing an increase of RMB270.64 million or 4.19% from RMB6,464.05 million in the corresponding period of last year.

For the year ended 31 December 2021, the cost incurred by the operation of wind power and PV power plants segment was RMB587.08 million, representing an increase of RMB241.92 million or 70.09% from RMB345.16 million in the corresponding period of last year, which was mainly due to the increase in scale of the operation of wind power and PV power plants, resulting in a corresponding increase in cost during the Reporting Period.

Gross profit and gross profit margin

For the year ended 31 December 2021, the gross profit of the Group was RMB9,291.70 million, representing an increase of RMB6,854.18 million or 281.20% from RMB2,437.51 million in the corresponding period of last year, which was mainly attributable to the increase in sales of the Group's polysilicon products and significant increase in sales prices, as well as the increase in the scale of the operation businesses of wind power and PV power plants during the Reporting Period. The comprehensive gross profit margin was 41.25%, representing an increase of 24.07 percentage points over the corresponding period of last year, which was mainly due to the significant increase in the sales prices of the Group's polysilicon products and the significant increase in the gross profit margin of the polysilicon segment during the Reporting Period.

Selling expenses

For the year ended 31 December 2021, the selling expenses incurred by the Group were RMB742.48 million, representing an increase of RMB236.09 million or 46.62% from RMB506.38 million in the corresponding period of last year, which was mainly due to the Group's enhancement in market expansion during the Reporting Period.

Administrative expenses

For the year ended 31 December 2021, the administrative expenses incurred by the Group were RMB702.44 million, representing an increase of RMB245.06 million or 53.58% from RMB457.37 million in the corresponding period of last year, which was mainly due to the increase in the remuneration of the Group's employees during the Reporting Period.

R&D expenses

For the year ended 31 December 2021, the R&D expenses incurred by the Group were RMB337.25 million, representing an increase of RMB144.11 million or 74.62% from RMB193.13 million in the corresponding period of last year, which was mainly due to the Group's increased investment in R&D during the Reporting Period.

Financial expenses

For the year ended 31 December 2021, the financial expenses incurred by the Group were RMB713.88 million, representing an increase of RMB10.84 million or 1.54% from RMB703.04 million in the corresponding period of last year.

Investment income

For the year ended 31 December 2021, the investment income incurred by the Group was RMB282.29 million, representing a decrease of RMB390.30 million or 58.03% from RMB672.59 million in the corresponding period of last year, which was mainly due to the Group disposed more long-term equity investments for the corresponding period of last year, which generated more investment income.

Income tax expenses

For the year ended 31 December 2021, the income tax expenses incurred by the Group were RMB934.33 million, representing an increase of RMB870.23 million or 1,357.40% from RMB64.11 million in the corresponding period of last year, which was mainly due to the significant increase in the Group's total profit during the Reporting Period.

Net profit attributable to shareholders of the listed company

For the year ended 31 December 2021, the net profit attributable to shareholders of listed company was RMB4,955.26 million, representing an increase of RMB4,320.69 million or 680.88% from RMB634.57 million in the corresponding period of last year, which was mainly due to the significant increase in the Group's total profit during the Reporting Period.

Profit or loss attributable to non-controlling interests

For the year ended 31 December 2021, the profit attributable to non-controlling interests incurred by the Group were RMB428.75 million, representing an increase of RMB235.11 million or 121.41% from RMB193.64 million in the corresponding period of last year, which was mainly due to the increase in profit of the Company's subsidiaries and the corresponding increase in the profit or loss attributable to non-controlling interests during the Reporting Period.

Cash flows

	2021	2020
	RMB	*RMB*
Net cash flow generated from operating activities	**4,310,257,973.63**	2,964,847,193.60
Net cash flow generated from investing activities	**-7,308,392,015.64**	-3,152,053,849.23
Net cash flow generated from financing activities	**4,191,300,563.14**	-588,722,260.38

Net cash flow generated from operating activities

For the year ended 31 December 2021, the net cash flow generated from operating activities of the Group was RMB4,310.26 million, representing an increase of RMB1,345.41 million or 45.38% from RMB2,964.85 million in the corresponding period of last year, which was mainly due to the increase in the operating cash received resulting from the increase in income of the Group during the Reporting Period.

Net cash flow generated from investing activities

For the year ended 31 December 2021, the net cash outflow from investing activities of the Group was RMB7,308.39 million, representing an increase of RMB4,156.34 million or 131.86% from RMB3,152.05 million in the corresponding period of last year, which was mainly due to the increase in investment expenses of the Group's wind power and PV power operation projects during the Reporting Period.

Net cash flow generated from financing activities

For the year ended 31 December 2021, the net cash flow generated from financing activities of the Group was RMB4,191.30 million, representing an increase of RMB4,780.02 million from RMB588.72 million of the net cash outflow from financing activities in the corresponding period of last year, which was mainly due to the completion of the placing of H shares and the issuance of domestic shares by the Group during the Reporting Period.

Operation fund

	As of 31 December 2021	As of 31 December 2020
Balance of cash and cash equivalents at the end of the period *(RMB)*	**3,192,107,888.60**	1,993,529,192.05
Gearing ratio	**53.49%**	86.55%
Inventory turnover rate *(times)*	**4.46**	4.56
Inventory turnover days *(days)*	**80.72**	79.02

As of 31 December 2021, the balance of cash and cash equivalents at the end of the period of the Group was RMB3,192.11 million (31 December 2020: RMB1,993.53 million).

The required capital fund of the construction and operation of wind power and PV power plants businesses in which the Group is engaged generally accounts for 20%–30% of the total investment of a project, the rest of which is mainly bank loans that could materially affect the Group's gearing ratio. As of 31 December 2021, the gearing ratio of the Group was 53.49% while that as of 31 December 2020 was 86.55%. 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 4.46 times and 80.72 days as of 31 December 2021, respectively, and the inventory turnover rate and turnover days of the Group were 4.56 times and 79.02 days as of 31 December 2020, respectively.

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

Capital expenditure

For the year ended 31 December 2021, the major capital expenditure of the Group included: a total of RMB8,407.78 million for the purchases of fixed assets and intangible assets as well as other long-term asset expenditure.

Pledge of assets

As of 31 December 2021, the Group's short-term borrowings with an amount of RMB481.78 million were pledged by notes receivable; the Group's long-term borrowings with an amount of RMB14,311.95 million were secured by the Group's assets including fixed assets, construction in progress and receivables and guaranteed by TBEA and the Company.

Capital liquidity

As of 31 December 2021, current assets of the Group amounted to RMB23,888.32 million, among which, RMB5,379.01 million was monetary capital; RMB4,940.06 million was inventories and contract assets; RMB11,514.81 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 RMB1,977.46 million was other receivables, prepayments and other current assets, primarily consisting of advances, prepayments and deductible VAT.

As of 31 December 2021, current liabilities of the Group amounted to RMB19,278.27million, including RMB11,680.87 million of accounts payable and notes payable, primarily consisting of payables for purchase of equipment, laboring, materials, coal fuels for wind power and PV power plants and polysilicon producer goods; RMB1,977.40 million of contract liabilities, primarily consisting of the prepayments for construction and operation of wind power and PV power plants and sales of polysilicon; RMB244.65 million of other payables, primarily consisting of dividends payable, deposits payable, deposits, etc.; RMB861.02 million of taxes payable, primarily consisting of various taxes to be paid; and RMB1,766.10 million of short-term borrowings.

As of 31 December 2021, net current assets of the Group amounted to RMB4,610.06 million, representing an increase of RMB3,968.86 million as compared with the net current assets of RMB641.20 million as of 31 December 2020. The current ratio was 123.91% as of 31 December 2021, representing an increase of 19.84 percentage points as compared with the current ratio of 104.07% as of 31 December 2020. Restricted cash amounted to RMB2,186.90 million, mainly including term deposits for guarantee and deposits for bills and issuance of the letter of credit.

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

Credit risk

As of 31 December 2021, the largest credit risk exposure that may incur financial loss to the Group mainly came from the other party's failure to perform its obligations under the contract that leads to a loss of financial assets of the Group. The Group's credit risk related to liquidity was relatively low as its liquidity was deposited in banks with high credit rating and TBEA Group Finance Co., Ltd.. The Group had taken necessary measures to make sure all customers have a good credit record.

Foreign exchange risk

The Group's foreign exchange exposure is mainly related to US dollars, HK dollars and Euro. Except that certain subsidiaries of the Group are using US dollars for sales, other main business operations of the Group are denominated and settled in RMB. As of 31 December 2021, some of the Group's assets and liabilities have balances in US dollars and few balances in Euro and HK dollars. The foreign exchange exposure of such foreign currencies is minimal, and will not have a material adverse impact on the financial position of the Group. The Group currently does not have a foreign currency hedging policy, but the management of the Group closely monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure when needed.

Interest rate risk

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

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

Contingent liabilities

As of 31 December 2021, the Group did not have any material contingent liabilities.

Employees, remuneration, retirement and employees benefit scheme

As of 31 December 2021, the Group had 5,774 employees in total, including 972 management personnel, 235 technicians, 390 sales personnel and 4,177 production personnel. During the Reporting Period, the Group paid employees remuneration of RMB1,500.57 million in aggregate.

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

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

On 18 June 2021, the Company, Inner Mongolia Xinte Silicon Materials Co., Ltd.* (內蒙古新特硅材料有限公司) ("**Inner Mongolia Xinte**") and the Investors entered into the capital injection agreement. The Company and the Investors injected capital of RMB2.81 billion and RMB0.63 billion to Inner Mongolia Xinte, respectively. The shareholding of the Company in Inner Mongolia Xinte was reduced from 100% to 82% upon completion of the capital injection. Please refer to the announcement dated 18 June 2021 and the circular dated 6 August 2021 of the Company for details.

Save as disclosed above, the Group had no material acquisition and disposal of assets, subsidiaries, associates and joint ventures during the Reporting Period.

Future plans for material investment or capital asset

As of the date of this announcement, save as disclosed in the section headed "Proposed A Share Offering and investment in the construction of the 200,000-ton Polysilicon Project in Zhundong" in this announcement, the Group did not have future plans for material investment or capital asset.

Significant investments

On 25 March 2021, the first extraordinary general meeting of 2021 of the Company considered and approved the investment in the construction of the 100,000-ton Polysilicon Project in Inner Mongolia with a total investment amount of RMB8.799 billion (tax inclusive). As of the date of this announcement, the 100,000-ton Polysilicon Project in Inner Mongolia is still under construction. Please refer to the announcements dated 8 February 2021 and 1 March 2021 and the circular dated 5 March 2021 of the Company for details.

Save as disclosed above, the Group had no other significant investments during the Reporting Period.

Events after the balance sheet date

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

On 15 March 2022, the Board considered and approved resolutions in relation to the Company's proposed initial public offering and listing of not exceeding 300,000,000 A Shares on the main board of the Shanghai Stock Exchange (the "**Proposed A Share Offering**") and related matters. The proceeds to be raised from the Proposed A Share Offering will be used to invest in the construction of the 200,000-ton-per-annum high-end electronic-grade polysilicon green low-carbon circular economy construction project in the Changji Zhundong Economic and Technological Development Zone in Xinjiang (the "**200,000-ton Polysilicon Project in Zhundong**"). The total investment of the 200,000-ton Polysilicon Project in Zhundong is 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 the remainder will be settled through bank loans and other methods. Please refer to the announcement of the Company dated 15 March 2022 for details.

Employee Share Ownership Scheme

On 15 March 2022, the Board considered and approved the proposed adoption of the 2022 employee share ownership scheme. The Company proposed to grant not exceeding 30,000,000 domestic shares to the participants of the 2022 employee share ownership scheme including the Company's Directors, supervisors, senior management, middle management, core technical and core business employees, etc. with a total number of participants of not exceeding 500. The grant price was set at RMB13.73 per domestic share. Please refer to the announcement of the Company dated 15 March 2022 for details.

Dividend payment

On 25 March 2022, the Board considered and approved the 2021 profit distribution plan, and proposed the distribution of a final dividend of RMB1.10 (tax inclusive) per share in cash for the year ended 31 December 2021 in the total amount of RMB1.573 billion.

IV. PROSPECTS

Market Prospects

The development of renewable energy is particularly important in the context of global energy transformation. More than 130 countries and regions around the world have successively announced their "carbon neutrality" objectives, and some countries have even adopted legislation to clarify their "carbon neutrality" responsibilities in order to effectively address the crisis and challenges brought by climate change. The "14th Five-Year" period is the key and window period for reaching carbon emissions peak in China. The "14th Five-Year" Plan and the outline of the Long-Range Objectives through the Year 2035 (《「十四五」規劃和2035年遠景目標綱要》) clearly proposed that it was necessary to "build a clean, low-carbon, safe and efficient energy system", which set a direction for the development of new energy in the PRC.

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

Business Plan in 2022

Under China's "carbon emissions peak and carbon neutrality" strategy, in 2022, the Group will focus on the national "14th Five-Year" strategy to capture the opportunity, accelerate the industrial distribution, improve product quality, commence in-depth innovation and cost reduction, enhance the Group's healthy and sustainable development capabilities, and make continuous efforts to achieve better development of our businesses in 2022. In 2022, the Group plans to achieve polysilicon production of 110,000 to 120,000 tons, and realize the installed capacity of 2-2.5GW for the wind power and PV power plant development and construction with revenue recognition; by the end of 2022, the Group aims to achieve the installed capacity of 2.5–3.0GW for the wind power and PV power plants operation for grid-connected power generation.

1. Production Capacity Expansion Plan

Under the guidance of the development strategy of "carbon emissions peak and carbon neutrality" in PRC, China's wind power and PV industries have entered a stage of large-scale, intelligent and high-quality development. The Group will capture this significant and historical development opportunity, and continue to expand the scale of business development.

In respect of the polysilicon business, as at the end of 2021, the design capacity of the Group's commissioned polysilicon production line was 66,000 tons/year, which was far from being able to meet the growing market demand. The Group will continue to expand its polysilicon production capacity by, firstly, implementing technology renovation of the existing polysilicon production line through technology innovation, process optimization and an increase in the production capacity of bottleneck equipment, which is expected to be completed in the first half of 2022. Upon completion of the renovation, the Group will have additional 34,000 tons/year of polysilicon production capacity; secondly, accelerating the construction of the 100,000-ton Polysilicon Project in Inner Mongolia, which is expected to be completed and put into operation in the second half of 2022; thirdly, investing in the construction of the 200,000-ton Polysilicon Project in Zhundong with a project construction period of 24 months in two phases in 2022, which is expected to be put into operation between 2023 and 2024 successively. Upon completion of the above projects, the Group's industry position and core competitiveness will further enhance.

In respect of the development and operation of wind power and PV power plants, the Group will accelerate the reserve and development and construction of wind and PV resources in accordance with the national policy. Firstly, the Group will center on the major new energy base, comprehensively adjust the supporting new energy resources and its development model, and focus on investing in the construction of the wind power and PV power plant projects base; secondly, the Group will insist on the "generation, grid, load and energy storage" and "multi-energy complementary" strategies, and accelerate the reserve of wind and PV resources based on the demand on the load side; thirdly, the Group will speed up the progress of the development and construction of existing reserved wind power and PV power plants.

2. *Quality Improvement Plan*

The Group will continue to uphold the quality guidelines of "pursuing excellent quality and satisfying customer needs" and the quality core value of "creating value to support customers' success", and insist on the development philosophy of "putting quality first, giving priority to profitability" to improve the quality of polysilicon products and the construction quality of wind power and PV power plants.

With respect to the polysilicon products, firstly, we will ensure the quality management and control of the equipment operation, establish equipment monitoring standards, commence online and offline monitoring of the key equipment, carry out precise inspection and repair according to the equipment operation status, and strive to further increase the proportion of monocrystalline silicon materials; secondly, we will extend the production control standards for N-type monocrystalline silicon materials to all production lines to improve their production capacity; thirdly, we will strengthen the construction of quality system for new projects to ensure the rapid production of high quality polysilicon products after the operation of new projects.

With respect to the construction of wind power and PV power plants, firstly, we will strengthen quality management and control at all levels of acceptance to ensure the physical quality of the construction, insist on quality standardization and informatization construction, and continuously improve the quality management of the construction; secondly, we will enhance the quality inspection and process quality management and control to ensure that the quality of the whole process is under control; thirdly, we will emphasize the control of suppliers, strictly control the shortlisting of suppliers, and strictly implement the elimination mechanism to ensure that the quality of key raw materials and equipment meets the relevant requirements.

3. Costs Management and Control Plan

In terms of the polysilicon business, the Group will optimize and improve the cost reduction management mechanism and promote cost reduction as a whole by focusing on key indicators such as unit consumption of main and supporting materials and energy consumption. Firstly, we will center on reducing the unit consumption of production, and further reduce the unit consumption of silicon and integrated electricity consumption by transforming the cold hydrogenation system, optimizing the operation management of power generation, improving the proportion of various types of silicon powder, etc., so as to ensure the continuous reduction of the average unit production cost of polysilicon. Secondly, we will strengthen the management of the procurement of core raw materials such as silicon powder, and adopt flexible procurement, analyze the low point of the trend to perform the procurement when opportunities arise, so as to reduce the adverse impact of the fluctuations of raw material prices on our operation.

In terms of the development and operation of wind power and PV power plants, firstly, we will reduce construction costs by studying and predicting the price trends of key raw materials and equipment; secondly, we will strictly implement comprehensive budget management, set full-range cost targets from the project establishment stage, strengthen dynamic cost management and control during the implementation of projects, and correct cost deviations in a timely manner; thirdly, we will open up data interfaces of each platform of "Centralized Control + EAM + E-Cloud", realize the construction of digital management and control processes such as BI reports, intelligent spare parts, fault prediction, etc., and promote the application of intelligent operation and maintenance methods in the business management of the plants to significantly increase the operation and maintenance capacity per capita and improve the efficiency of plants operation.

4. *Technology Innovation Plan*

The Group will increase its efforts in technology innovation and continue to innovate its technology based on strategy development needs. Firstly, we will continue to cooperate with downstream monocrystalline customers to validate the N-type monocrystalline silicon materials, develop new customers and expand sales volume; secondly, we will pay attention to the frontier technologies in the industry, increase investment in R&D, plan research directions, reserve technology resources, relevant talent, etc. for N-type cell-related technology, offshore wind power, microgrid technology, co-generation of wind and PV power, etc.; thirdly, while strengthening our own technology innovation, we will further cooperate with leading domestic and foreign technology institutions, and continuously improve our platform construction, new technology development and technology achievements transformation, with R&D technology innovation as the driver to enhance the Group's competitiveness.

5. *Human Resources Plan*

The Group will focus on building a team of technology and innovative talent according to the business development plan and the progress of project construction, recommending, selecting and auditing outstanding talent, realizing the attraction, cultivation, use and retention of talent, making up for the shortcomings, promoting innovation, optimizing the structure, thus leading the high-quality development of the Group. Firstly, we will enhance the quality, ability and skills training for existing employees and introduce talent in R&D, technology and digitalization to meet the demand for talent for the Group's capacity expansion; secondly, we will build a quality leadership team to play the role of a leader; thirdly, we will strengthen the construction of reserve talent pool, and to match the demand for talent for the Group's rapid development through the training of output capacity; fourthly, we will continue to improve the performance evaluation system to stimulate the initiative of employees and promote the steady improvement of their working quality and efficiency.

V. RISK FACTORS AND RISK MANAGEMENT

1. Risks associated with Changes in Policies

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

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

2. Risks associated with Technology and New Product Substitution

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

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

3. Risks associated with Intensified Market Competition

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

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

4. Risks associated with decreasing price of polysilicon

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

The Group will improve its technology R&D ability, accelerate the construction and reaching production of the 100,000-ton Polysilicon Project in Inner Mongolia, the 200,000-ton Polysilicon Project in Zhundong and the technology transformation project at the Xinjiang production line, and further enhance its competitiveness through improvement in production and quality and reduction in production costs.

5. Risks associated with Grid Connection and Consumption of PV and Wind Power

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

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

6. **Risks associated with International Trade Disputes and Political Factors**

Under the background of increasing uncertainties in the international environment and intensifying trade frictions, the PV industry has become an advantageous and strategic emerging industry in China, and is also facing a number of uncertainties, such as the introduction of a relevant bill in the United States to ban the import of products from Xinjiang. Portion of the Group's polysilicon production lines are located in Xinjiang, and the above factors may have certain impact on the Group's operation.

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

7. **Risks associated with the Impact by the COVID-19 Pandemic (the "Pandemic")**

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

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

FINAL DIVIDEND

On 25 March 2022, the Board has considered and approved to recommend a final cash dividend in the total amount of RMB1.573 billion (tax inclusive) for the year ended 31 December 2021, payable to shareholders whose names appear on the register of members of the Company on Friday, 3 June 2022. Based on 1,430,000,000 ordinary shares of the Company in issue, such final cash dividend would amount to RMB1.10 per share (tax inclusive), after appropriations to the statutory surplus reserve according to the relevant regulations. The proposal of distributing final dividend is subject to the approval by shareholders at the annual general meeting ("**AGM**") to be held on Friday, 20 May 2022. Such dividend (if approved) is expected to be paid before Wednesday, 20 July 2022 by the Company. The final dividend will be paid to holders of domestic shares in RMB and to holders of H shares in Hong Kong dollars shares and holders of the H shares will be paid by Hong Kong dollars. The actual amount of dividend of H share to be paid by Hong Kong dollars is calculated based on the average of the middle rate of RMB against Hong Kong dollars published by the People's Bank of China for five business days preceding the date of approval of the dividend declaration at the AGM.

PLACING OF H SHARES AND ISSUANCE OF DOMESTIC SHARES

On 12 August 2021, the Company completed the placing of new H shares under the general mandate by placing 62,695,126 new H shares at a placing price of HK$16.5 per H share, with net proceeds (after deduction of the related costs) from the placing amounting to approximately HK$1,017 million (the "**Placing of H Shares**"), to seize the opportunity of rapid development of new energy industry worldwide, increase scale of polysilicon production, increase the development of wind power and PV resources, expand the Group's operation scale, enhance the Group's financial strength, and enhance the Group's market competitiveness and profitability. As of 31 December 2021, the net proceeds have been fully used for the construction of the 100,000-ton Polysilicon Project in Inner Mongolia.

On 28 September 2021, the Company completed the non-public issuance of 167,304,874 domestic shares to TBEA under the special mandate at a price of RMB13.73 per domestic share, with net proceeds (after deduction of the related costs) amounting to approximately RMB2,293 million (the "**Issuance of Domestic Shares**"), of which RMB2 billion will be used for the construction of the 100,000-ton Polysilicon Project in Inner Mongolia, and the remaining portion will be used to replenish working capital for the development of wind power and PV resources.

As of 31 December 2021, the utilization of the proceeds from the Issuance of Domestic Shares is as follows:

No.	Usage	**Allocation Amount** *(RMB million)*	**Utilized Proceeds** *(RMB million)*	**Unutilized Proceeds** *(RMB million)*
1	Construction of the 100,000-ton Polysilicon Project	**2,000.00**	**1,549.78**	**450.22**
2	Replenishment of working capital for the development of wind power and PV resources	**293.48**	**292.92**	**0.56**
	Total	**2,293.48**	**1,842.70**	**450.78**

The Company has deposited the unutilized proceeds from the Issuance of Domestic Shares with licensed banks in the PRC as demand deposits. The proceeds are expected to be fully utilized by the Company before 31 December 2022 according to the construction progress of projects and the working capital situation.

Upon the completion of the Placing of H Shares and the Issuance of Domestic Shares, the total share capital of the Company was 1,430,000,000 Shares, in which 1,053,829,244 are domestic shares with a nominal value of RMB1.00 each and 376,170,756 are H shares with a nominal value of RMB1.00 each.

Please refer to the circular of the Company dated 11 June 2021, the announcements of the Company dated 29 April 2021, 10 May 2021, 14 May 2021, 28 June 2021, 8 July 2021, 3 August 2021, 5 August 2021, 12 August 2021 and 28 September 2021 for the details of the above.

CLOSURE OF REGISTER OF MEMBERS

In order to determine shareholders who are entitled to receive the final dividend, the register of members of the Company will be closed from Saturday, 28 May 2022 to Friday, 3 June 2022, 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 Friday, 3 June 2022 are entitled to receive the final dividend. Holders of H shares who intend to receive the final dividend payment must lodge all transfer documents accompanied by the relevant H share certificates with the Company's H shares registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Friday, 27 May 2022 for registration.

In order to determine shareholders who are entitled to attend and vote at the AGM of the Company to be held on Friday, 20 May 2022, the register of members of the Company will be closed from Saturday, 14 May 2022 to Friday, 20 May 2022, 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 Friday, 20 May 2022 are entitled to attend and vote at the AGM. Holders of H shares who intend to attend and vote at the AGM must lodge all transfer documents accompanied by the relevant H share certificates with the Company's H share registrar mentioned above no later than 4:30 p.m. on Friday, 13 May 2022 for registration. Holders of domestic shares of the Company who intend to attend and vote at the AGM shall lodge all transfer documents accompanied by the relevant domestic share certificates with the office of the Board secretary of the Company no later than 4:30 p.m. on Friday, 13 May 2022 for registration.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own corporate governance code provisions. The Group 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 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct governing dealings by the directors and supervisors of the Company in the securities of the Company. Having made specific enquiries, all directors and supervisors of the Company confirmed that they had strictly complied with the required standards set out in the Model Code during the year ended 31 December 2021. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which are on terms no less exacting than those in the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

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

Save as disclosed in the section headed "Placing of H Shares and Issuance of Domestic Shares" in this announcement, 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 2021 and the audited consolidated financial statements for the year ended 31 December 2021 prepared in accordance with the CASBE.

AUDITOR

According to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the Stock Exchange in December 2010, and as the Company is now preparing for matters relating to the initial public offering of A Shares, in order to enhance efficiency and reduce disclosure costs and auditing expenses, the Company has adopted the CASBE to prepare the financial statements and disclosure of corresponding financial information since 2021. On 22 November 2021, such adoption was considered and approved at the third extraordinary general meeting of 2021 of the Company. The Company terminated the appointment of PricewaterhouseCoopers as the Company's international auditor, and appointed SHINEWING Certified Public Accountants LLP ("**SHINEWING**") as the auditor to audit the consolidated financial statements for the year ended 31 December 2021 prepared in accordance with the CASBE. SHINEWING will also discharge the duties as an overseas auditor under the Listing Rules. Please refer to the announcements dated 22 October 2021 and 22 November 2021, and the circular dated 4 November 2021 of the Company for details.

SHINEWING has audited the consolidated financial statements, 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 2022 will be proposed at the forthcoming AGM.

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

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.xinteenergy.com) and the 2021 annual report of the Company will be dispatched to shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Xinjiang, the PRC
25 March 2022

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

* *For identification purpose only*