新特能源

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2023, the Group's operating revenue amounted to RMB17,586.90 million, representing an increase of 19.51% over the corresponding period of last year.
- For the six months ended 30 June 2023, the Group's total profits amounted to RMB6,442.25 million, representing a decrease of 9.18% over the corresponding period of last year.
- For the six months ended 30 June 2023, the Group's net profit attributable to shareholders of the listed company amounted to RMB4,758.97 million, representing a decrease of 15.28% over the corresponding period of last year.
- For the six months ended 30 June 2023, the basic earnings per share amounted to RMB3.33, representing a decrease of RMB0.60 over the corresponding period of last year.
- The Board did not recommend the declaration of an interim dividend for the six months ended 30 June 2023.

The board of directors (the "**Board**") of Xinte Energy Co., Ltd. (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**" or "**we**" or "**our**") for the six months ended 30 June 2023 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2022. The results were prepared in accordance with the China Accounting Standards for Business Enterprises (the "**CASBE**") and the disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

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

CONSOLIDATED BALANCE SHEET

Items	*Notes*	**30 June 2023**	31 December 2022 *(Adjusted)*
Current assets:			
Monetary capital		**12,037,952,580.79**	5,195,451,976.71
Clearing settlement funds		**—**	—
Loans to other banks		**—**	—
Financial assets held for trading		**113,550,941.06**	66,798,941.06
Derivative financial assets		**—**	—
Notes receivable	*5*	**1,744,217,567.51**	2,099,428,816.78
Accounts receivable	*6*	**4,653,533,241.73**	5,206,682,797.69
Receivables financing	*7*	**6,349,941,876.53**	6,172,012,029.97
Prepayments		**658,164,710.69**	729,957,458.23
Premiums receivable		**—**	—
Reinsurance accounts receivable		**—**	—
Reinsurance contract reserve receivable		**—**	—
Other receivables		**373,835,744.66**	456,140,154.87
Including: Interests receivable		**—**	—
Dividends receivable		**46,759,581.38**	78,463,017.24
Financial assets held under resale agreements		**—**	—
Inventories		**3,559,818,692.96**	4,611,331,640.47
Contract assets		**1,505,986,702.20**	1,326,016,397.80
Assets held for sale		**—**	—
Non-current assets due within one year		**—**	—
Other current assets		**1,542,026,112.94**	1,504,925,469.52
Total current assets		**32,539,028,171.07**	27,368,745,683.10

CONSOLIDATED BALANCE SHEET *(Continued)*

Items	*Notes*	**30 June 2023**	31 December 2022 *(Adjusted)*
Non-current assets:			
Loans and advances		**—**	—
Debt investments		**—**	—
Other debt investments		**—**	—
Long-term receivables		**—**	—
Long-term equity investments		**433,095,304.60**	395,877,169.52
Other equity instrument investments		**250,999,977.52**	250,999,977.52
Other non-current financial assets		**—**	—
Investment properties		**—**	—
Fixed assets		**34,003,339,893.72**	34,112,445,590.94
Construction in progress		**12,376,482,251.95**	12,137,744,003.05
Productive biological assets		**—**	—
Oil and gas assets		**—**	—
Right-of-use assets		**371,299,500.06**	331,804,558.88
Intangible assets		**1,372,223,014.21**	1,352,182,707.79
Development expenses		**—**	—
Goodwill		**—**	—
Long-term deferred expenses		**26,296,593.75**	30,560,906.25
Deferred income tax assets		**610,469,076.00**	563,362,209.15
Other non-current assets		**2,341,890,551.73**	2,610,864,101.24
Total non-current assets		**51,786,096,163.54**	51,785,841,224.34
Total assets		**84,325,124,334.61**	79,154,586,907.44

CONSOLIDATED BALANCE SHEET *(Continued)*

Items	Notes	30 June 2023	31 December 2022 *(Adjusted)*
Current liabilities:			
Short-term borrowings	*8*	**1,449,259,398.08**	1,932,112,636.46
Borrowing from central bank		**—**	—
Loans from other banks		**—**	—
Financial liabilities held for trading		**36,839,296.11**	3,263,277.24
Derivative financial liabilities		**—**	—
Notes payable	*9*	**6,523,768,866.13**	4,700,904,722.81
Accounts payable	*10*	**9,227,846,314.08**	10,399,018,417.81
Advances received		**—**	—
Contract liabilities		**2,443,739,855.36**	2,543,263,742.11
Proceeds from sale of repurchase financial assets		**—**	—
Deposits from clients and placements from other banks		**—**	—
Deposit for agency security transaction		**—**	—
Deposit for agency security underwriting		**—**	—
Staff remuneration payables		**477,445,205.77**	678,491,004.80
Taxes payable		**426,597,025.97**	712,008,231.04
Other payables		**187,707,711.30**	339,664,447.66
Including: Interests payable		**—**	—
Dividends payable		**—**	852,205.20
Handling fees and commission payable		**—**	—
Reinsurance accounts payable		**—**	—
Liabilities held for sale		**—**	—
Non-current liabilities due within one year		**2,883,458,775.19**	2,071,841,209.73
Other current liabilities		**396,659,723.69**	564,078,917.08
Total current liabilities		**24,053,322,171.68**	23,944,646,606.74

CONSOLIDATED BALANCE SHEET *(Continued)*

Items	*Notes*	**30 June 2023**	31 December 2022 *(Adjusted)*
Non-current liabilities:			
Provision for insurance contracts		**—**	—
Long-term borrowings	*8*	**17,169,485,735.87**	17,354,651,890.30
Bonds payable		**—**	—
Including: Preference shares		**—**	—
Perpetual bonds		**—**	—
Lease liabilities		**235,159,910.26**	238,202,226.90
Long-term payables		**3,000,000.00**	355,100,000.00
Long-term staff remuneration payables		**—**	—
Accrued liabilities		**157,888,167.37**	227,751,929.75
Deferred income		**495,978,869.01**	467,595,233.67
Deferred income tax liabilities		**486,190,179.49**	529,403,780.45
Other non-current liabilities		**—**	—
Total non-current liabilities		**18,547,702,862.00**	19,172,705,061.07
Total liabilities		**42,601,025,033.68**	43,117,351,667.81

CONSOLIDATED BALANCE SHEET *(Continued)*

Items	Notes	30 June 2023	31 December 2022 (Adjusted)
Shareholders' equity:			
Share capital		**1,430,000,000.00**	1,430,000,000.00
Other equity instruments		**—**	—
Including: Preference shares		**—**	—
Perpetual bonds		**—**	—
Capital reserve		**9,531,489,740.27**	9,100,232,065.48
Less: Treasury shares			—
Other comprehensive income		**-3,871,320.19**	-3,860,015.30
Special reserve		**9,820,088.34**	9,623,405.48
Surplus reserve		**981,955,892.67**	981,955,892.67
General risk reserve		**—**	—
Undistributed profit		**24,960,405,271.50**	20,201,436,523.42
Total equity attributable to the shareholders of the parent company		**36,909,799,672.59**	31,719,387,871.75
Non-controlling interest		**4,814,299,628.34**	4,317,847,367.88
Total shareholders' equity		**41,724,099,300.93**	36,037,235,239.63
Total liabilities and shareholders' equity		**84,325,124,334.61**	79,154,586,907.44

CONSOLIDATED INCOME STATEMENT

Items		Notes	January to June 2023	January to June 2022
I.	**Total operating revenue**		**17,586,899,623.68**	14,716,265,976.66
	Including: Operating revenue	*11*	**17,586,899,623.68**	14,716,265,976.66
	Interest income		**—**	—
	Premium earned		**—**	—
	Handling fees and commission income		**—**	—
II.	**Total operating cost**		**10,633,302,556.29**	7,539,371,632.29
	Including: Operating cost	*11*	**9,480,052,553.27**	6,277,489,049.99
	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		**130,110,077.04**	183,963,872.13
	Selling expenses		**239,210,367.38**	286,667,804.32
	Administrative expenses		**369,901,630.90**	317,370,444.75
	R&D expenses		**93,699,330.69**	125,303,480.90
	Financial expenses		**320,328,597.01**	348,576,980.20
	Including: Interest expenses		**365,322,521.66**	381,748,457.77
	Interest income		**47,914,001.02**	37,692,414.41
	Add: Other revenue		**169,706,799.94**	43,427,268.07
	Investment income (loss is represented by "-")		**16,410,753.21**	36,625,126.23
	Including: Investment income from associates and joint ventures		**51,096,188.69**	38,120,768.63
	Gains from derecognition of financial assets measured at amortized cost		**—**	—
	Gains from foreign exchange (loss is represented by "-")		**—**	—
	Gains from net exposure to hedging (loss is represented by "-")		**—**	—

CONSOLIDATED INCOME STATEMENT *(Continued)*

Items	*Notes*	**January to June 2023**	January to June 2022
Gain on changes in fair value (loss is represented by "-")		**-29,129,758.87**	-14,703,522.37
Impairment loss of credit (loss is represented by "-")		**-63,171,613.00**	-69,969,002.04
Impairment loss of assets (loss is represented by "-")		**-608,925,499.60**	-67,212,894.39
Gains from disposal of assets (loss is represented by "-")		**-3,359,542.17**	1,789,467.53
III. Operating profit (loss is represented by "-")		**6,435,128,206.90**	7,106,850,787.40
Add: Non-operating revenue		**20,624,185.07**	27,601,961.80
Less: Non-operating expenses		**13,499,514.82**	41,274,023.99
IV. Total profit (total loss is represented by "-")		**6,442,252,877.15**	7,093,178,725.21
Less: Income tax expense	*12*	**1,045,890,496.15**	1,062,940,700.43
V. Net profit (net loss is represented by "-")		**5,396,362,381.00**	6,030,238,024.78
(I) Classified by continuity of operations			
1. Net profit from continuing operations (net loss is represented by "-")		**5,396,362,381.00**	6,030,238,024.78
2. Net profit from discontinued operation (net loss is represented by "-")		**—**	—
(II) Classified by ownership			
1. Net profit attributable to owners of the parent company (net loss is represented by "-")		**4,758,968,748.08**	5,617,285,066.40
2. Profit or loss attributable to non-controlling interests (net loss is represented by "-")		**637,393,632.92**	412,952,958.38

CONSOLIDATED INCOME STATEMENT *(Continued)*

Items	*Notes*	**January to June 2023**	January to June 2022
VI. Net other comprehensive income after tax		**-14,923.19**	186,167.03
Net other comprehensive income after tax attributable to owners of the parent company		**-11,304.89**	170,162.52
(I) Other comprehensive income not reclassified to profit or loss		**—**	—
1. Changes arising on remeasurement of defined benefit plans		**—**	—
2. Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss		**—**	—
3. Changes in fair value of investments in other equity instruments		**—**	—
4. Changes in fair value of own credit risk of the Company		**—**	—
5. Others		**—**	—
(II) Other comprehensive income to be reclassified to profit or loss		**-11,304.89**	170,162.52
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		**-11,304.89**	170,162.52
7. Others		**—**	—
Net other comprehensive income after tax attributable to non-controlling interest		**-3,618.30**	16,004.51

CONSOLIDATED INCOME STATEMENT *(Continued)*

Items	*Notes*	**January to June 2023**	January to June 2022
VII. Total comprehensive income		**5,396,347,457.81**	6,030,424,191.81
Total comprehensive income attributable to shareholders of the parent company		**4,758,957,443.19**	5,617,455,228.92
Total comprehensive income attributable to non-controlling interests		**637,390,014.62**	412,968,962.89
VIII. Earnings per share	*13*		
(I) Basic earnings per share (RMB/share)		**3.3280**	3.9282
(II) Diluted earnings per share (RMB/share)		**3.3280**	3.9282

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was established in the People's Republic of China (the "**PRC**" or "**China**") on 20 February 2008 as a limited liability company. On 16 October 2012, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The address of the Company's registered office is No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang Uygur Autonomous Region, the PRC.

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

The Group is principally engaged in the research and development, production and sale of the high-purity polysilicon, and the development, construction and operation of wind power and photovoltaic ("**PV**") power plants.

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**").

This consolidated interim financial information is presented in RMB, unless otherwise stated, and is approved for issue by the Board on 15 August 2023.

This consolidated interim financial information has not been audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group were prepared on a going-concern basis and transactions and events actually occurred in accordance with the CASBE issued by the Ministry of Finance of the PRC ("**MOF**") and were based on the accounting policies and accounting estimates applicable to the Group. In addition, certain notes in these financial statements have been prepared in accordance with requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which also comply with the applicable disclosure requirements under the Listing Rules.

2.2 Going Concern

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

2.3 Changes in Significant Accounting Polices and Accounting Estimates

The accounting policies adopted in this interim results are consistent with that in the annual financial statements for the year ended 31 December 2022.

(1) Changes in significant accounting policies: Nil

(2) Changes in significant accounting estimates: Nil

3. PRIOR YEAR ADJUSTMENTS

In preparation for the A-shares listing, the Company by making reference to the latest progress in the review of renewable energy power generation subsidies ("**Electricity Price Subsidies**") and the accounting treatment of the review of Electricity Price Subsidies by listed companies and companies to be listed in the same industry, has made a correction of errors for the accounting treatment of the provision for impairment loss of credit of the accounts receivable of Electricity Price Subsidies from wind power and PV power plants projects which may be subject to risks of Electricity Price Subsidies reduction or cancellation and which the revenue was recognized but not yet recovered on 31 December 2022, and adjusted to offset the operating revenue in 2022. Specific adjustments to the financial data relating to the consolidated balance sheet and consolidated income statement for the year ended 31 December 2022 are as follows:

(1) Consolidated balance sheet

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

(2) Consolidated income statement

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

4. SEGMENT INFORMATION

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

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

Items	Occurred in the current period					
	Polysilicon	Construction of wind power and PV power plants	Operation of wind power and PV power plants	Others	Inter-segment elimination	Total
Revenue from main businesses	**12,641,335,260.19**	**3,670,127,332.11**	**1,138,744,906.02**	**1,502,101,712.91**	**-1,550,060,032.01**	**17,402,249,179.22**
Including: Revenue from external transactions	**12,618,445,506.80**	**2,734,433,049.65**	**1,138,744,906.02**	**910,625,716.75**	**—**	**17,402,249,179.22**
Revenue from inter-segment transactions	**22,889,753.39**	**935,694,282.46**	**—**	**591,475,996.16**	**-1,550,060,032.01**	**—**
Gross profit	**6,696,469,738.19**	**499,267,350.37**	**707,531,521.03**	**128,299,495.07**	**—**	**8,031,568,104.66**

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

30 June 2023	Polysilicon	Construction of wind power and PV power plants	Operation of wind power and PV power plants	Others	Inter-segment elimination	Total
Total assets	**56,343,652,701.81**	**21,221,061,490.05**	**24,094,137,021.98**	**4,170,221,519.05**	**-21,503,948,398.28**	**84,325,124,334.61**
Long-term equity investments (investment income from associates and joint ventures)	**—**	**433,095,304.60**	**—**	**—**	**—**	**433,095,304.60**
Increase in non-current assets (other than long-term equity investments)	**223,802,993.52**	**-43,000,746.66**	**-1,038,173,269.06**	**85,614,769.30**	**687,686,190.17**	**-84,070,062.73**
Total liabilities	**18,269,539,812.52**	**9,729,532,635.03**	**19,756,186,043.23**	**4,209,574,395.96**	**-9,363,807,853.06**	**42,601,025,033.68**

31 December 2022	Polysilicon	Construction of wind power and PV power plants	Operation of wind power and PV power plants	Others	Inter-segment elimination	Total
Total assets	51,744,189,772.03	20,813,990,963.39	25,412,031,090.70	6,296,857,452.36	-25,112,482,371.04	79,154,586,907.44
Long-term equity investments (investment income from associates and joint ventures)	—	395,877,169.52	—	—	—	395,877,169.52
Increase in non-current assets (other than long-term equity investments)	12,803,973,820.78	345,193,613.83	4,884,919,627.15	278,340,551.07	-1,172,115,206.01	17,140,312,406.82
Total liabilities	19,161,227,823.47	8,960,982,062.15	20,000,299,111.06	4,920,610,323.73	-9,925,767,652.60	43,117,351,667.81

5. NOTES RECEIVABLE

(1) Notes receivable by category

Items	Closing balance	Opening balance
Bank acceptance notes	1,715,491,335.40	2,088,941,669.56
Trade acceptance notes	28,726,232.11	10,487,147.22
Total	**1,744,217,567.51**	**2,099,428,816.78**

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

Items	Pledged amount at the end of the period
Bank acceptance notes	474,283,221.29

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

Items	Amount not derecognized at the end of the period	Amount not derecognized at the beginning of the period
Bank acceptance notes	89,137,281.11	629,976,470.03
Trade acceptance notes	23,500,564.80	—
Total	**112,637,845.91**	**629,976,470.03**

(4) Method of provision for bad debts 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	1,761,835,926.78	100.00	17,618,359.27	1.00	1,744,217,567.51
Including: Bank acceptance notes	1,732,819,530.71	98.35	17,328,195.31	1.00	1,715,491,335.40
Trade acceptance notes	29,016,396.07	1.65	290,163.96	1.00	28,726,232.11
Total	**1,761,835,926.78**	**100.00**	**17,618,359.27**	**—**	**1,744,217,567.51**

	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	2,120,635,168.46	100.00	21,206,351.68	1.00	2,099,428,816.78
Including: Bank acceptance notes	2,110,042,090.46	99.50	21,100,420.90	1.00	2,088,941,669.56
Trade acceptance notes	10,593,078.00	0.50	105,930.78	1.00	10,487,147.22
Total	**2,120,635,168.46**	**100.00**	**21,206,351.68**	**—**	**2,099,428,816.78**

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

Category	Opening balance	Accrued	Changes of the current period: Recovered or reversed	Carry-forward or written off	Others	Closing balance
Bank acceptance notes	21,100,420.90	-3,772,225.59	—	—	—	17,328,195.31
Trade acceptance notes	105,930.78	184,233.18	—	—	—	290,163.96
Total	**21,206,351.68**	**-3,587,992.41**	**—**	**—**	**—**	**17,618,359.27**

6. ACCOUNTS RECEIVABLE

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

Category	Closing balance: Book balance: Amount	Percentage (%)	Provision for bad debts: Amount	Provision percentage (%)	Carrying amount
Bad debt provision made on individual basis	92,565,816.17	1.77	92,565,816.17	100.00	—
Bad debt provision made on a collective basis	5,146,383,611.66	98.23	492,850,369.93	9.58	4,653,533,241.73
Including: Portfolio of aging	2,721,449,409.11	51.94	373,161,914.09	13.71	2,348,287,495.02
Portfolio of electricity and subsidies	2,424,934,202.55	46.29	119,688,455.84	4.94	2,305,245,746.71
Total	**5,238,949,427.83**	**100.00**	**585,416,186.10**	**—**	**4,653,533,241.73**

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

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

Name	Closing balance			
	Book balance	Provision for bad debts	Provision percentage (%)	Reasons for provision
Reduction or cancellation of Electricity Price Subsidies involving sales tax	92,565,816.17	92,565,816.17	100.00	See note for details
Total	**92,565,816.17**	**92,565,816.17**	**100.00**	**—**

Note: From March 2022, the National Development and Reform Commission of the PRC, the MOF and the National Energy Administration of the PRC (the "**NEA**") have jointly carried out the review of Electricity Price Subsidies. Based on the review, there is a risk that Electricity Price Subsidies for some of the Company's wind power and PV power plants projects will be reduced or cancelled. The Group made impairment provisions for the above-mentioned new energy power station related assets with indications of impairment aggregating to approximately RMB486.7 million, including approximately RMB92.56 million of provision for credit impairment loss in respect of the irrecoverable sales tax arising from the reduction or cancellation of the Electricity Price Subsidies, approximately RMB374.58 million of provision for asset impairment loss of fixed assets, approximately RMB12.39 million of provision for asset impairment loss of intangible assets, and approximately RMB7.20 million of provision for asset impairment loss of right-of-use assets.

2) *In portfolios, accounts receivable with provision made for bad debts by aging analysis*

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Provision percentage (%)
Within 1 year (inclusive)	1,638,922,694.47	32,778,453.87	2.00
1 year to 2 years (inclusive)	523,368,739.84	26,168,436.99	5.00
2 years to 3 years (inclusive)	281,790,450.37	56,358,090.07	20.00
3 years to 4 years (inclusive)	11,694,133.06	3,508,239.90	30.00
4 years to 5 years (inclusive)	22,649,396.23	11,324,698.12	50.00
Over 5 years	243,023,995.14	243,023,995.14	100.00
Total	**2,721,449,409.11**	**373,161,914.09**	**—**

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

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

Item	Closing balance		
	Accounts receivable	Bad debt provision	Provision percentage (%)
Portfolio of electricity and subsidies	2,424,934,202.55	119,688,455.84	4.94

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

(2) Accounts receivable by aging

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	2,506,611,915.15	3,013,937,963.72
1 year to 2 years (inclusive)	1,291,169,419.99	1,619,714,476.63
2 years to 3 years (inclusive)	740,822,675.97	468,920,318.22
3 years to 4 years (inclusive)	294,377,359.38	298,141,619.77
4 years to 5 years (inclusive)	149,746,282.63	192,191,413.74
Over 5 years	256,221,774.71	161,057,454.06
Total	**5,238,949,427.83**	**5,753,963,246.14**

Note: Accounts receivable are presented by aging based on recording dates

(3) Bad debt provision for accounts receivable

Category	Opening balance	Changes of the current period Accrued	Recovered or reversed	Carry-forward or written off	Others	Closing balance
Bad debt provision made on accounts receivable	547,280,448.45	64,203,072.97	–	–	-26,067,335.32	585,416,186.10
Total	**547,280,448.45**	**64,203,072.97**	**–**	**–**	**-26,067,335.32**	**585,416,186.10**

Note: Other changes of the current period amounted to RMB-26.0673 million, mainly due to the decrease in bad debt provision for the Company's disposal of project companies such as Xintai Guanghua PV Power Generation Co., Ltd., Xuyi High Drive Wind Power Co., Ltd., Chongren County Huafeng Power Generation Co., Ltd..

7. RECEIVABLES FINANCING

Items	Closing balance	Opening balance
Notes receivable	6,349,941,876.53	6,172,012,029.97
Total	**6,349,941,876.53**	**6,172,012,029.97**

8. BANK AND OTHER BORROWINGS STRUCTURE AND MATURITY PROFILE

(1) Borrowings structure

Borrowing category	Closing balance	Opening balance
Credit borrowings	6,895,111,373.99	6,272,798,307.08
Pledged borrowings	408,280,999.98	271,542,361.11
Secured borrowings	262,648,657.12	1,356,082,276.94
Guaranteed borrowings	1,525,176,857.30	495,238,230.39
Secured and pledged borrowings	12,392,401,454.98	12,632,761,161.48
Factoring borrowings	2,320,000.00	6,380,000.00
Notes discount	1,120,000.00	300,877,694.62
Total	**21,487,059,343.37**	**21,335,680,031.62**

(2) Maturity profile of the borrowings

Maturity date	Closing balance	Opening balance
Due within 1 year (inclusive)	4,317,573,607.50	3,981,028,141.32
Due within 1 and 2 years (inclusive)	2,412,565,336.84	1,978,949,486.32
Due within 2 and 5 years (inclusive)	9,382,209,320.20	4,379,943,359.52
Due more than 5 years	5,374,711,078.83	10,995,759,044.46
Total	**21,487,059,343.37**	**21,335,680,031.62**

9. NOTES PAYABLE

Category	Closing balance	Opening balance
Bank acceptance notes	6,276,024,207.49	4,527,515,819.38
Trade acceptance notes	247,744,658.64	173,388,903.43
Total	**6,523,768,866.13**	**4,700,904,722.81**

10. ACCOUNTS PAYABLE

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	6,462,238,457.94	7,658,657,463.07
1 year to 2 years (inclusive)	1,334,513,399.61	977,579,548.39
2 years to 3 years (inclusive)	660,614,191.75	929,092,815.74
Over 3 years	770,480,264.78	833,688,590.61
Total	**9,227,846,314.08**	**10,399,018,417.81**

Note: Accounts payable are presented by aging based on recording dates

11. OPERATING REVENUE AND OPERATING COST

	Amount for the current period	
Items	**Revenue**	**Cost**
Main businesses	17,402,249,179.22	9,370,681,074.56
Other business	184,650,444.46	109,371,478.71
Total	**17,586,899,623.68**	**9,480,052,553.27**

	Amount for previous period	
Items	**Revenue**	**Cost**
Main businesses	14,533,382,298.50	6,229,223,088.82
Other business	182,883,678.16	48,265,961.17
Total	**14,716,265,976.66**	**6,277,489,049.99**

12. INCOME TAX EXPENSES

Items	Amount recognized in current period	Amount recognized in previous period
Current income tax expense	1,165,564,914.73	1,092,581,441.72
Deferred income tax expenses	-119,674,418.58	-29,640,741.29
Total	**1,045,890,496.15**	**1,062,940,700.43**

13. RETURN ON NET ASSETS AND EARNINGS PER SHARE

Profit during the Reporting Period	Return on net assets on weighted average basis (%)	Earnings per share (RMB/share) Basic earnings per share	Diluted earnings per share
Net profit attributable to the ordinary shareholders of the parent company	13.8945	3.3280	3.3280
Net profit attributable to ordinary shareholders of the parent company after deduction of non-recurring profit or loss	13.5659	3.2435	3.2435

14. DIVIDEND

On 18 May 2023, the 2022 annual general meeting of the Company considered and approved the profit distribution plan for 2022, and decided not to declare a final dividend for the year ended 31 December 2022.

The Board did not recommend the declaration of any interim dividend for the six months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF INDUSTRY DEVELOPMENT STATUS

In recent years, with the rising price of traditional energies, global energy security issues have become prominent. However, renewable energy power generation technologies represented by PV and wind power have made rapid progress, their costs have continued to decline, and their economic efficiency has improved significantly, ushering in good development opportunities. 2023 is a crucial year for China to continually implement the "14th Five-year Plan" energy planning. Guided by the Guidance Views on Renewable Energy Development in the Implementation of the "14th Five-year Plan" (《可再生能源發展「十四五」規劃實施的指導意見》), new energies represented by wind power and PV has entered a new stage of large-scale, market-oriented, high-proportion and high-quality leapfrog development, witnessing clearer development ideas and broader development space.

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

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

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

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

2. Review of Development Status of the Polysilicon Industry

According to the statistics of the Silicon Industry Branch of China Nonferrous Metals Industry Association (中國有色金屬工業協會硅業分會), the polysilicon production capacity in the PRC reached approximately 651,700 tons in the first half of 2023, representing a year-on-year increase of 91.1%. In terms of specific pricing, the average price of monocrystalline dense materials decreased from RMB176,200/ton (tax included) at the beginning of January 2023 to RMB65,700/ton (tax included) at the end of June 2023, representing a decrease of 62.71%.

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

According to the statistics from the NEA, newly installed PV power generation capacity in China was 78.42GW in the first half of 2023, representing a year-on-year increase of approximately 154%. As of the end of June 2023, China's accumulative installed PV power generation capacity reached 470.67GW, becoming the second largest power installed capacity in China. The newly installed wind power capacity in China was 22.99GW in the first half of 2023, representing a year-on-year increase of approximately 78%. As of the end of June 2023, the accumulative installed wind power capacity in China reached 389.21GW.

II. PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

During the Reporting Period, under the guidance of the Chinese government's "14th Five-year Plan" for energy development and the goals of "3060 carbon emissions peaking and carbon neutrality", the new energy industry ushered in new opportunities for development, and the newly installed wind power and PV power generation capacity increased significantly year-on-year. However, due to the production expansion in various links of the PV industrial chain and the changing relationship between the supply and the demand, the market price of polysilicon products has dropped sharply. Facing such opportunities and challenges, the Group continuously improved the quality of polysilicon through technical innovation and process optimization and accelerated the release of polysilicon production capacity. By increasing its effort to acquire wind and PV power resources, and expanding the construction scale of operated power plants, the Group further improved its comprehensive competitiveness. During the Reporting Period, the Group achieved revenue from operations of RMB17,586.90 million, representing an increase of 19.51% over the corresponding period of last year, net profit of RMB5,396.36 million and the net profit attributable to shareholders of the listed company of RMB4,758.97 million, representing decreases of 10.51% and 15.28% over the corresponding period of last year, respectively.

1. Polysilicon Production and Construction Projects

During the Reporting Period, the polysilicon production of the Group increased significantly due to completion of the 34,000 tons/year technical transformation project of polysilicon production line in the Xinjiang Ganquanpu Base and 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**") in 2022, the production capacity of which is released in 2023. At the same time, as a result of the shutdown of devices set by set for inspection and maintenance due to the running-in and eliminating shortages and the process re-optimization of the cold hydrogenation system of the 100,000-ton Polysilicon Project in Inner Mongolia, the Group's polysilicon production capacity has not yet fully utilized its optimal level in the first half of 2023. During the Reporting Period, the Group achieved polysilicon production capacity of 76,100 tons and polysilicon sales of 86,100 tons, representing an increase of 64.72% and 80.50% respectively over the corresponding period of last year.

At the end of June 2023, the first phase with 100,000-ton of the 200,000-ton high-end electronic-grade polysilicon green low-carbon circular economy construction project in Zhundong (the "**Zhundong 200,000-ton Polysilicon Project**") invested and constructed by the Group has been basically completed, and carried out materials feeding and commissioning as scheduled, which is expected to reach quality and production before the end of 2023, so that the production and quality of polysilicon of the Group will be further improved. During the Reporting Period, in order to meet the growing market demand for N-type materials, the Group improved the quality stability control and evaluation criteria of the whole process of polysilicon, achieved system traction, strengthened synergies among process, equipment and quality, and continuously increased the proportion of N-type materials by optimising raw material acceptance, reduction process control and system discharge residues and control. In the first half of 2023, the production of N-type materials produced was 6 times that for the corresponding period of last year due to the improvement in production capacity and quality.

During the Reporting Period, in spite of a significant increase in the polysilicon production of the Group, due to the impact of the decline in polysilicon market prices, the polysilicon segment recorded revenue of RMB12,618.45 million, representing an increase of 21.79% over the corresponding period of last year, and achieved gross profit of RMB6,696.47 million, representing a decrease of 2.01% over the corresponding period of last year.

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

In the first half of 2023, the Group kept close abreast with the national policies, adhered to the concept of focusing on centralized development along with common development of distributed and decentralized power stations, and focused on the presence in Hebei, Shanxi, Gansu, Xinjiang and other places. It actively promoted resource acquisition mainly around project development models such as large-scale base of new energy, generation, grid, load and energy storage, composite PV and energy storage. Simultaneously, the Group carried out the planning and construction of distributed wind power projects, and low-carbon industrial parks integrating rooftop PV + energy storage + energy management.

During the Reporting Period, the Group newly obtained approximately 1.08GW of PV and wind power project index development, and the completed total installed capacity of PV and wind power construction projects of the Group which had been recognised as revenue amounted to 1.02GW. The constructions of wind power and PV power plants segment recorded revenue of RMB2,734.43 million, representing an increase of 11.22% over the corresponding period of last year, and achieved gross profit of RMB499.27 million, representing a decrease of 17.01% over the corresponding period of last year. The operation of wind power and PV power plants segment recorded revenue of RMB1,138.74 million, representing a decrease of 6.15% over the corresponding period of last year, and achieved gross profit of RMB707.53 million, representing a decrease of 11.07% over the corresponding period of last year. As of the end of June 2023, the Group had an approximately 2.93GW of operated power plants projects which have achieved grid-connected power generation.

3. Technology and R&D

In terms of polysilicon production, the Group carries out innovation centering on improvement in the quality of polysilicon products. Guided by market demand, the Group carries out technological innovation and research on key aspects such as improvement in reduction conversion rate, process operation stability and upgrade of N-type monocrystalline silicon materials. In the first half of 2023, the Group's proportion of polysilicon products in the first electronic grade increased by approximately 24 percentage points, the minority carriers lifetime increased by 49%, and the body and surface metal contents decreased by 56% and 61% respectively, as compared with the corresponding period of last year. During the Reporting Period, in order to further improve the efficiency of scientific research organization, the Group optimized the structure of scientific research platform and established an organizational model of "two centers + one laboratory" mainly composed of high-end veteran talents in the industry as well as doctoral and master teams from universities. It carried out research on new technologies and processes, explored cutting-edge technologies in the industry, strengthened goal orientation, and further improved the transformation and industrialization level of the Group's scientific and technological achievements.

In terms of the development, construction and operation of wind power and PV resources, the Group explored new technologies + new products + new business models around the background of building a new power system. In terms of the application of new technologies, through the research on the design plan of PV flexible bracket and the design plan of truss-type fan tower, the construction period of projects was shortened, and the cost was reduced while improving the environmental adaptability of projects. In terms of new products, the cost of engineering technology was reduced by means of promoting the demonstration and application of new materials such as N-type PV modules, PV composite material brackets, and super weather-resistant steel PV brackets. The Group carried out product innovation and R&D around high-power inverters, enhanced SVGs, and large-capacity static synchronous compensators to improve power density, reduce system energy consumption, and widen temperature operating range, effectively improving the market competitiveness of products. In terms of the innovation in new business model, the Group studied different latitude of industrial and commercial rooftop PV layout plans, and promoted the research on low-carbon industrial park solutions for industrial and commercial rooftop PV + energy storage + energy management. It studied the profitable model of shared energy storage and the selection of energy storage equipment, formulated typical designs of independent energy storage power stations and technical solutions for shared energy storage power stations, so as to provide technical support for large-scale commercial operations.

In the first half of 2023, a total of 832 patents submitted by the Group were granted. As at 30 June 2023, the Group had a total of 825 domestic patents, 7 international patents, and participated in the preparation of 89 issued standards, including 6 international standards, 45 national standards and 38 industry standards.

4. Safety and Environmental Protection Construction

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

The Group continuously improved the safety production responsibility system for all employees, strengthened the target performance guidance, and paid close attention to grid-based safety management. The Group comprehensively promoted risk prevention and control and hidden danger investigation and control, arranged regular safety production education and training to improve the safety professional skills, capability of hidden hazards detection and the quality of safety management operation. Meanwhile, the Group accelerated the construction of safety information technology projects and achieved full coverage of the emergency dispatch command center platform, which effectively improved the ability to prevent and control accidents. The Group organized the establishment and implementation of a dual prevention mechanism for safety risk hierarchical management and control and hidden hazards detection, and carried out practical and detailed work on prevention, pre-control, forecast and alert, so as to eliminate hidden dangers of accidents related to safety production and environmental protection in a timely manner.

5. Talent Team Building

During the Reporting Period, the Group focused on the two aspects of “strategic development needs and core competitiveness building” to optimize the talent structure, enhance the quality of talents and improve the per capita efficiency, and took team diagnosis, introduction of high-end talents, dual-channel construction, and empowerment training as the key measures to stimulate the team’s vitality, strengthen the team’s capability and build a high-performance team. The Group has established and improved the talent introduction mechanism and carried out university-enterprise cooperation with Tianjin University, Beijing University of Chemical Technology, Nankai University and other well-known universities. Through the joint establishment of the “Silicon Materials Innovation Center” and the joint training program of doctoral students, the Group has customized the cultivation of professional technical and managerial talents around cutting-edge technologies of the industry. The Group has been focusing its efforts on the local chemical engineering colleges and universities in Xinjiang and Inner Mongolia, and has been cooperating with them through the establishment of practical training bases and joint training in order to tap into the production skill talents. Meanwhile, the Group continued to improve the talent nurturing and retention mechanism, strengthened the reserve talent echelon construction, and continued to promote the training of highly skilled personnel in the silicon-based industry, which covered basic safety, process skills, intelligent manufacturing and other aspects; formulated a competitive salary level and a smooth appraisal and promotion channel, and set up a multi-dimensional performance appraisal and incentive mechanism, which assisted in the enhancement of the vocational skills of the employees, the realization of self-worth and the high-quality development of the enterprise through a variety of means.

III. OPERATING RESULTS AND ANALYSIS

Revenue

The Group generates revenue mainly from three business segments, including polysilicon and construction and operation of wind power and PV power plants. For the six months ended 30 June 2023, the revenue of the Group was RMB17,402.25 million, representing an increase of RMB2,868.87 million or 19.74% from RMB14,533.38 million in the corresponding period of last year, which was mainly attributable to the release of the Group's polysilicon production capacity, resulting in an increase in product sales during the Reporting Period. The revenue of each business segment is as follows:

For the six months ended 30 June 2023, the revenue of the polysilicon segment was RMB12,618.45 million, representing an increase of RMB2,257.58 million or 21.79% from RMB10,360.86 million in the corresponding period of last year, which was mainly attributable to the release of the Group's polysilicon production capacity during the Reporting Period, which resulted in an increase in sales of approximately 80% as compared to the corresponding period of last year, while the sales prices of polysilicon decreased by approximately 32% as compared to the corresponding period of last year.

For the six months ended 30 June 2023, the revenue of the constructions of wind power and PV power plants segment was RMB2,734.43 million, representing an increase of RMB275.87 million or 11.22% from RMB2,458.56 million in the corresponding period of last year, which was mainly due to the Group's increased efforts on market development and the expansion of scale of the construction of wind power and PV power plant business during the Reporting Period.

For the six months ended 30 June 2023, the revenue of the operation of wind power and PV power plants segment was RMB1,138.74 million, representing a decrease of RMB74.63 million or 6.15% from RMB1,213.37 million in the corresponding period of last year. During the Reporting Period, despite an increase in the scale of the Group's wind power and PV operated power plants that have generated electricity, due to the impact of the review of Electricity Price Subsidies, there is a risk that the Electricity Price Subsidies of some of the Group's operating power station projects will be reduced or cancelled based on the self-inspection. Based on the principle of prudence, the Group recognized revenue according to the electricity price after considering the reduction or cancellation of Electricity Price Subsidies during the Reporting Period. At the same time, the Group transferred 3 operated power stations (totaling 180MW) with defective land use to TBEA during the Reporting Period. The above factors resulted in a decrease in revenue from the operation of power plants segment of the Group during the Reporting Period.

Cost

For the six months ended 30 June 2023, the costs incurred by the Group was RMB9,370.68 million, representing an increase of RMB3,141.46 million or 50.43% from RMB6,229.22 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. The cost incurred by each business segment is as follows:

For the six months ended 30 June 2023, the costs incurred by the polysilicon segment was RMB5,921.98 million, representing an increase of RMB2,394.84 million or 67.90% from RMB3,527.14 million in the corresponding period of last year, which was mainly due to the increase in sales of the Group's polysilicon products, resulting in a corresponding increase in costs during the Reporting Period.

For the six months ended 30 June 2023, the cost incurred by the construction of wind power and PV power plants segment was RMB2,235.17 million, representing an increase of RMB378.22 million or 20.37% from RMB1,856.95 million in the corresponding period of last year, which was mainly due to the expansion of scale of the construction of wind power and PV power plants business of the Group, and thus an increase in cost during the Reporting Period.

For the six months ended 30 June 2023, the cost incurred by the operation of wind power and PV power plants segment was RMB431.21 million, representing an increase of RMB13.44 million or 3.22% from RMB417.77 million in the corresponding period of last year, which was mainly due to the increase in the scale of wind power and PV power plants operation projects of the Group which have generated electricity, resulting in a corresponding increase in cost during the Reporting Period.

Gross profit and gross profit margin

For the six months ended 30 June 2023, the gross profit of the Group was RMB8,031.57 million, representing a decrease of RMB272.59 million or 3.28% from RMB8,304.16 million in the corresponding period of last year. The comprehensive gross profit margin was 46.15%, representing a decrease of 10.99 percentage points over the corresponding period of last year, which was mainly due to a significant decrease in the sales prices of polysilicon during the Reporting Period.

Selling expenses

For the six months ended 30 June 2023, the selling expenses of the Group were RMB239.21 million, representing a decrease of RMB47.46 million or 16.55% from RMB286.67 million in the corresponding period of last year, which was mainly due to the fact that the Group strengthened the control over selling and marketing expenses during the Reporting Period, resulting in a decrease in marketing expenses.

Administrative expenses

For the six months ended 30 June 2023, the administrative expenses of the Group were RMB369.90 million, representing an increase of RMB52.53 million or 16.55% from RMB317.37 million in the corresponding period of last year, which was mainly due to the increase in the remuneration of the Group's employees and the share-based payment expenses recognized for the implementation of the 2022 employee share ownership scheme during the Reporting Period.

R&D expenses

For the six months ended 30 June 2023, the R&D expenses incurred by the Group were RMB93.70 million, representing a decrease of RMB31.60 million or 25.22% from RMB125.30 million in the corresponding period of last year, which was mainly due to the fact that some new R&D projects of the Group were approved late, and the R&D expenses incurred during the Reporting Period were relatively less.

Financial expenses

For the six months ended 30 June 2023, the financial expenses of the Group were RMB320.33 million, representing a decrease of RMB28.25 million or 8.10% from RMB348.58 million in the corresponding period of last year, which was mainly due to the downsizing of borrowings, with a decrease in the interest expenses during the Reporting Period.

Investment income

For the six months ended 30 June 2023, the investment income of the Group was RMB16.41 million, representing a decrease of RMB20.21 million or 55.19% from RMB36.63 million in the corresponding period of last year, which was mainly due to a decrease in income from the disposal of long-term equity investments by the Group during the Reporting Period.

Income tax expenses

For the six months ended 30 June 2023, the income tax expenses of the Group were RMB1,045.89 million, representing a decrease of RMB17.05 million or 1.6% from RMB1,062.94 million in the corresponding period of last year.

Net profit attributable to shareholders of the listed company

For the six months ended 30 June 2023, the net profit attributable to shareholders of the listed company was RMB4,758.97 million, representing a decrease of RMB858.32 million or 15.28% from RMB5,617.29 million in the corresponding period of last year, which was mainly due to the significant decrease in the Group's total profit as a result of a significant decrease in the sales prices of polysilicon during the Reporting Period.

Profit or loss attributable to non-controlling interests

For the six months ended 30 June 2023, the profit attributable to non-controlling interests incurred by the Group were RMB637.39 million, representing an increase of RMB224.44 million or 54.35% from RMB412.95 million in the corresponding period of last year, which was mainly due to the increase in profit of the Company's non-wholly owned subsidiary, being Inner Mongolia Xinte Silicon Materials Co., Ltd.* (內蒙古新特硅材料有限公司) during the Reporting Period.

Cash flows

Net cash flow generated from operating activities

For the six months ended 30 June 2023, the net cash flow generated from operating activities of the Group was RMB9,573.50 million, representing an increase of RMB3,890.27 million or 68.45% from RMB5,683.22 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 six months ended 30 June 2023, the net cash outflow from investing activities of the Group was RMB3,362.21 million, representing a decrease of RMB3,674.51 million or 52.22% from RMB7,036.72 million in the corresponding period of last year, which was mainly due to more capital expenditure on the Group's investment in the construction of the 100,000-ton Polysilicon Project in Inner Mongolia and the 200,000-ton Polysilicon Project in Zhundong in the corresponding period of last year.

Net cash flow generated from financing activities

For the six months ended 30 June 2023, the net cash flow generated from financing activities of the Group was RMB1,039.23 million, representing a decrease of RMB2,341.60 million or 69.26% from RMB3,380.83 million in the corresponding period of last year, which was mainly due to the downsizing of borrowings of the Group during the Reporting Period.

Operation fund

	As at 30 June 2023	As at 31 December 2022
Balance of cash and cash equivalents at the end of the period *(RMB)*	**10,667,958,310.00**	3,409,764,114.29
Gearing ratio	**23.25%**	45.51%
Inventory turnover rate *(times)*	**2.32**	3.95
Inventory turnover days *(days)*	**77.57**	91.05

As at 30 June 2023, the balance of cash and cash equivalents at the end of the period of the Group was RMB10,667.96 million (31 December 2022: RMB3,409.76 million).

The required capital fund of the construction and operation of wind power and PV power plants in which the Group is engaged generally accounts for 20%–30% of the total investment of a project, the rest of which is mainly bank loans that could materially affect the Group's gearing ratio. As at 30 June 2023, the gearing ratio of the Group was 23.25% while that as at 31 December 2022 was 45.51%. Gearing ratio was calculated as its net debt divided by total equity, where net debt is total interest-bearing liabilities less restricted cash and cash and cash equivalents.

The Group's wind power and PV power plants under construction and completed pending for transfer were included in the inventory item, and whether the wind power and PV power plants can be transferred in time is significantly important for the Group's inventory turnover rate and turnover days. The inventory turnover rate and turnover days of the Group were 2.32 times and 77.57 days as at 30 June 2023, respectively, and the inventory turnover rate and turnover days of the Group were 3.95 times and 91.05 days as at 31 December 2022, respectively.

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

Capital expenditure

For the six months ended 30 June 2023, the major capital expenditure of the Group included: a total of RMB4,295.44 million of expenditure for the purchases of fixed assets and intangible assets as well as other long-term assets.

Pledge of assets

As at 30 June 2023, the Group's short-term borrowings with an amount of RMB112.00 million were pledged by notes receivable; the Group's long-term borrowings with an amount of RMB13,138.52 million were secured by the the Group's assets including fixed assets, construction in progress and receivables and guaranteed by TBEA and the Company.

Capital liquidity

As at 30 June 2023, current assets of the Group amounted to RMB32,539.03 million, among which, RMB12,037.95 million was monetary capital; RMB5,065.81 million was inventories and contract assets; RMB12,747.69 million was accounts receivable, notes receivable and receivables financing, primarily consisting of the receivables of construction and operation of wind power and PV power plants and receivables of sales of inverters; and RMB2,574.03 million was other receivables, prepayments and other current assets, primarily consisting of deposit receivable and deposit, prepayments and deductible value-added tax.

As at 30 June 2023, current liabilities of the Group amounted to RMB24,053.32 million, including RMB15,751.62 million of accounts payable and notes payable, primarily consisting of purchases of machine and equipment for construction of polysilicon projects and payables for purchase of equipment, laboring, materials, coal fuels necessary for daily operations; RMB2,443.74 million of contract liabilities, primarily consisting of the prepayments for sales of polysilicon; RMB187.71 million of other payables, primarily consisting of deposits payable and deposits, advances payable, etc.; RMB426.60 million of taxes payable, primarily consisting of various taxes to be paid; and RMB1,449.26 million of short-term borrowings.

As at 30 June 2023, net current assets of the Group amounted to RMB8,485.71 million, representing an increase of RMB5,061.61 million as compared with the net current assets of RMB3,424.10 million as at 31 December 2022. The current ratio was 135.28% as at 30 June 2023, representing an increase of 20.98 percentage points as compared with the current ratio of 114.30% as at 31 December 2022. Restricted cash amounted to RMB1,369.99 million, mainly including deposits for bills and issuance of the letter of credit.

Credit risk

As at 30 June 2023, the largest credit risk exposure that may incur financial loss to the Group mainly came from the other party's failure to perform its obligations under the contract that leads to a loss of financial assets of the Group. The Group reviews customers' credit line and perform other monitoring procedures to ensure necessary measures are taken to recover overdue debts. In addition, the Group reviews the recovery of each item of receivables at each balance sheet date, to ensure sufficient bad debt provisions are made on unrecoverable items. The Group's credit risk related to liquidity was relatively low as its liquidity was deposited in banks with high credit rating and TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司).

Foreign exchange risk

The Group's foreign exchange exposure is mainly related to US dollars, HK dollars and Euro. Except that several subsidiaries of the Group are using US dollars for sales, other main business operations of the Group are denominated and settled in RMB. As at 30 June 2023, some of the Group's assets and liabilities have balances in US dollars and few balances in Euro and Hong Kong dollars. The foreign exchange exposure of balances in such foreign currencies is minimal, and will not have a material adverse impact on the financial position of the Group. The Group adopt reasonable hedging instruments and products to reduce the risk of exchange rate fluctuations, adhere to the principle of exchange rate hedging, clarify the management of target exchange rates, and appropriately conduct businesses such as spot and forward settlements to avoid the risk of exchange rate fluctuations.

Interest rate risk

The Group's interest rate risk arises 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.

Contingent liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities.

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

The Group had no other material acquisition and disposal of assets, subsidiaries, associates and joint ventures during the Reporting Period, except for the equity interests transfer of wind power and PV power plant projects developed and constructed by the Group in the ordinary course of business.

Future plans for material investment or capital asset

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

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

Significant investments

The Group had no significant investments during the Reporting Period.

Events after the balance sheet date

After 30 June 2023 and up to the date of this announcement, there was no significant events after the balance sheet date of the Group.

IV. PROSPECTS

Market Prospects

In June 2023, InfoLink, a third-party consulting organization, released the White Paper on Photovoltaic and Wind Power Storage Energy Transformation in 2030 (《2030光風儲能源轉型白皮書》), which points out that, according to the goals of the Paris Agreement, the two scenarios of "controlling the global average warming to within 2°C of the pre-industrial level by the end of this century" and "striving to control it within 1.5°C" are projected, and coupled with the background of growth of the global energy demand, it is estimated that the global installed capacity of renewable energy is expected to reach 9,145GW in 2030, which will fulfill the emission reduction target of renewable energy power generation in 2023, based on the current progress of global carbon dioxide emission reduction. If we want to achieve higher emission reduction targets, such as controlling the temperature within 1°C, we need to accumulate 10,959GW of renewable energy installed capacity in 2030, and there is still room for improvement.

Traditional energy is subject to the limitations of technological development, the price of bulk raw materials, carbon tax and other unfavorable factors, and there is less room for the future cost of electricity generation to decline. At the same time, renewable energy has many advantages, such as technological progress, large scale, government incentive policies and so on. The cost levels of PV and wind power generation have been reduced to a very competitive level compared with traditional energy, with obvious competitive advantages and broad market prospects.

Business Plan in the Second Half of 2023

A consensus has been reached globally on temperature control and carbon dioxide emissions reduction, with huge potential for the development of renewable energy represented by PV and wind power; however, due to the short-term mismatch between supply and demand, the price of polycrystalline silicon has dropped significantly and will return to a reasonable level. As competition in the market has intensified, the outdated production capacity with high cost and low quality will be eliminated. In the second half of 2023, facing such opportunities and challenges, the Group will accelerate the industrial layout, increase innovation, further improve production efficiency, reduce costs and increase efficiency, improve quality and efficiency, to ensure our healthy and sustainable development.

1. Safety Management Plan

The Group will resolutely implement the philosophy of "people and safety-oriented", adhere to the principles of ensuring safety, environmental protection, and promoting production, make its best efforts in comprehensive implementation of safe production and construction and strengthening the production safety assurance system. The Group will continue to implement the safety production accountability system for all employees, put efforts in carrying out the safety responsibility management work for the commissioning of new polysilicon projects and the reaching of quality and production, the safety production of completed projects, as well as the construction and operation project of new energy power stations, improve the system of safety management and performance appraisal, establish and improve the management and control standards for new formats, and conduct all work with strictly following the relevant systems and standards. Guided by the annual targets of the HSSE system, the Group will promote the construction and operation of a comprehensive safety informatization system for its production bases, continually improve the investigation and elimination work of hidden dangers, carry out the special treatments on hidden dangers, reduce safety risks and safeguard the business operation.

2. *Polysilicon Production Plan*

In the face of the market environment where the price of polysilicon has fallen significantly, the Group will continue to reduce production costs and improve product quality in order to proactively address the adverse impact of the continuous decline in polysilicon prices on its results. Firstly, we will strengthen the control of the production process to ensure the stable operation of the production system, accelerate the achievement of quality and production of the first phase with 100,000 tons of the 200,000-ton Polysilicon Project in Zhundong and the elimination of defects in the 100,000-ton Polysilicon Project in Inner Mongolia, so as to realize the stable and full production of 300,000 tons of the Group's production capacity and further increase the production volume. Secondly, the Group will optimize process control and enhance its management level to reduce production energy consumption and material consumption by strengthening the recycling of silicon, chlorine, hydrogen, increasing the conversion rate of trichlorosilane, optimizing the management of power generation operations, implementing the time-of-day electricity tariff trading policy to reduce electricity costs, continuously promoting production standardization and refining cost management. Thirdly, we will strengthen the management of raw material procurement. In respect of core raw materials such as industrial silicon, we will further reduce raw material procurement costs by adopting flexible procurement, analyzing the low point of trend for selective procurement, and hedging in combination with futures. Fourthly, we will improve the whole-process quality control of polysilicon, enhance the level of intelligent manufacturing, stabilize and further improve the quality of our products, and increase the proportion of N-type materials to meet the growing demand of our customers.

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

The Group will accelerate the reserve and development and construction of wind and PV resources in accordance with the new energy policy. Firstly, in the direction of base-oriented development, the Group will focus on the cooperative construction of large-scale wind power and PV bases in desert, Gobi and barren areas, as well as the acquisition of resources for the operation of power stations. Secondly, in respect of new business models such as generation, grid, load and energy storage, multi-energy complementary applications, wind power hydrogen production projects, and sand control by use of PV, we will track the paths of potential exploration and transformation of coal power, promotion of energy storage allocation and protection of self-provided green power, sort out the resources of developable areas and formulate cooperation plans to lock in the development of resources. Thirdly, we will focus on the construction cost and quality control of power stations, improve the project cost and quality control system, strictly implement comprehensive budget management, improve the establishment of cost information system, and enhance the foresight of project cost control; strengthen the price research and judgement of key equipment of new energy power stations, and reduce construction cost through centralized procurement; and continue to build sample projects of power stations, and insist on the quality control in the whole life cycle of design, construction, operation and maintenance to enhance the construction quality of the projects. Fourthly, we will strengthen the compliance management of project construction, thoroughly study and understand the industry regulatory laws and regulations and industry policies, and continuously improve the internal control mechanism for the closed-loop management of compliance procedures for the entire business process of new energy power stations. Fifthly, by accelerating the construction and application of the advanced functions of the intelligent operation and maintenance platform of power stations and the integration functions between systems, we will promote the construction of intelligent power stations, and enhance the intelligent operation and maintenance management of power station operations, so as to continuously reduce the operating costs of power stations, and further improve the efficiency of power generation.

4. *Technology Innovation Plan*

The Group will adhere to the leading role of innovation, and based on the market demand and strategic development objectives, continue to carry out key technological R&D and innovation with the focus on improving product quality and reducing costs. Firstly, we will constantly optimize the polysilicon production process and quality control, reduce the body and surface metal contents, improve the minority carriers lifetime, and increase the proportion of N-type materials based on the market demand. Secondly, we will adhere to the policy direction, strengthen the innovative learning of new technologies and new business development models around the major new energy base in desert, Gobi and barren areas, generation, grid, load and energy storage, low-carbon industrial parks, shared energy storage, distributed power stations, and lightweight offshore VSC-HVDC transmission systems (輕型化海上柔性直流送出系統), and increase our investment in R&D. Thirdly, while strengthening our own technology innovation, we will further deepen the cooperation between industry, academia and research institutes, and continuously improve our intelligent manufacturing, 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*

Based on the strategic development plan and the progress of project construction, the Group will build a team of technology and innovative talent with "strategic development needs and core competitiveness construction" as the core, and continue to optimize the ecological chain of "attracting, nurturing, employing and retaining" talents to facilitate the high-quality development of the Group. Firstly, we will enhance the training for employees, and increase the skill level of our employees through industrial simulation training bases, skilled master studios and online learning platforms, etc. Secondly, we will strengthen the cultivation of technology and innovative talent, and promote the close integration of innovative talent cultivation with industrial development through cooperation with universities in the form of "school-enterprise cooperation and collaborative cultivation". Thirdly, we will thoroughly implement the construction of "dual channels" for employee career development, consolidate the process of qualification assessment, and enhance the core competence of professional and technical personnel to realize the common development of the enterprise and its employees. Fourthly, we will formulate attractive and competitive remuneration policies in the industry and set up incentive business goals to achieve a win-win situation for both the enterprise and its employees.

V. RISK FACTORS AND RISK MANAGEMENT

1. Risks associated with changes in policies

Benefiting from the energy planning of the Chinese government and the goals of "3060 carbon emissions peaking and carbon neutrality", the entire new energy industry has been developing rapidly. With the gradual maturity of technologies in the new energy industry, the rapid expansion of industry scale and the continuous decline in costs, the national policy support for the industry has generally shown a weakening trend, and China has basically realized a full grid parity, but the adjustment of the government to support policies for the new energy industry still has a greater impact on the industry. Any significant unfavorable adjustment to the policies for the new energy industry in the future may have an adverse impact on the Group's operations and profitability.

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

2. Risks associated with decreasing price of polysilicon

The price of polysilicon products is mainly determined by market supply and demand. From 2020 to 2022, affected by the recovery and growth of PV installed demand, silicon wafers, cells and modules and other PV manufacturing links accelerated the expansion of production. Due to long investment cycle of polysilicon capacity and other characteristics, upstream and downstream capacity mismatches led to polysilicon supply shortages in phases. As a result, the price of polysilicon continued to rise, and reached a historical high in the second half of 2022. With the gradual release of new polysilicon production capacity and the increase in market supply, polysilicon prices generally show a trend of downward fluctuations and will return to a reasonable price level.

The Group will leverage on the scale of three polysilicon industrial bases in Xinjiang Ganquanpu, Inner Mongolia Baotou, and Xinjiang Zhundong to achieve stable and full production, increase technological innovation, continuously improve the quality of polysilicon products, increase the proportion of N-type silicon materials, reduce energy and material consumption and production costs, as well as further improve competitiveness and profitability.

3. Risks associated with technology and new product substitution

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

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

4. Risks associated with intensified market competition

Due to the 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 new business development, resulting in an increasingly fierce market competition, which may exert an impact on the Group's market share and profitability to a certain extent.

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

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

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

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

6. Risks associated with international trade disputes and political factors

Under the background of increasing uncertainties in the international environment and intensifying international trade frictions, the PV industry has become an advantageous and strategic emerging industry in China, and is also facing a number of uncertainties, such as the United States announced that the Uyghur Forced Labor Prevention Act (《防止強迫維吾爾人勞動法》) is effective and prohibited the import of products from Xinjiang; the United States issued the Inflation Reduction Act (《通脹削減法案》, which provides a high proportion of cash allowances or preferential tax subsidies for locally manufactured PV products in the United States; the European Commission released the proposal for the Net Zero Industry Act (《淨零工業法案》), which lists eight technologies such as solar PV, onshore wind power, and battery/energy storage technologies as strategic net-zero technologies, and plans to enhance the local manufacturing capacity of strategic net-zero technology industry in the European Union by increasing subsidies and providing financial support. As all of the Group's existing production lines for new energy products are located in the PRC, the above factors, international trade disputes and political factors, may have certain impact on the Group's operations.

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

VI. OTHER INFORMATION

Employees

As at 30 June 2023, the Group had a total of 8,454 employees. Remuneration paid to the Group's employees is comprised of basic salary of the respective position and performance-based salary, with the performance-based salary determined based on the performance of the Group and performance assessment results of the employees. The Group also implemented the employee share ownership scheme, realizing the combination of medium to long-term interests of the enterprise and its employees.

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

During the Reporting Period, the Group paid employees remuneration of RMB983.72 million in aggregate.

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

On 5 May 2022, the Company's proposed initial public offering and listing of not exceeding 300,000,000 A Shares on the main board of the Shanghai Stock Exchange (the "**Proposed A Share Offering**") and related matters were considered and approved at the general meeting of the Company. On 10 May 2023, the amendments to the plan for the Proposed A Share Offering and the strategic placement under the A Share Offering were considered and approved at the general meeting of the Company. The proceeds raised from the Proposed A Share Offering will be used to invest in the construction of the 200,000-ton Polysilicon Project in Zhundong. The total investment of the Project is expected to be RMB17.6 billion, of which RMB8.8 billion will be funded through the capital injection by the proceeds to be raised from the Proposed A Share Offering and own funds, whilst the remainder will be settled through bank loans and other methods. Since the full implementation of the registration-based IPO system for stock issuance took effect on 17 February 2023, the Company's relevant application materials have been submitted to the Shanghai Stock Exchange (the "**SSE**") in accordance with the latest requirements for the full implementation of the registration-based IPO system for stock issuance and have been accepted, which are currently being reviewed by the SSE. For details, please refer to the announcements dated 13 January 2021, 15 March 2022, 28 June 2022, 4 July 2022, 6 March 2023 and 22 March 2023, the circulars dated 19 April 2022 and 24 April 2023 and the poll results announcements dated 5 May 2022 and 10 May 2023 of the Company.

Interim Dividend

The Board did not recommend the declaration of an interim dividend for the six months ended 30 June 2023.

Compliance with Corporate Governance Code ("CG Code")

As a company listed on the Stock Exchange, the Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company (the "**Shareholders**") and to enhance corporate value and accountability. For the six months ended 30 June 2023, the Company has complied with all code provisions of the CG Code as set out in Appendix 14 of Listing Rules, and adopted the recommended best practices set out therein, if applicable. Meanwhile, the Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

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

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2023.

Audit Committee

The audit committee of the Company has reviewed the interim results of the Group for the six months ended 30 June 2023 and the unaudited consolidated interim financial information for the six months ended 30 June 2023 which was prepared in accordance with the CASBE.

Publication of Interim Results and Interim Report

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.xinteenergy.com). The 2023 interim report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders in due course and will be published on the websites of the Company and the Stock Exchange.

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

Xinjiang, the PRC
15 August 2023

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

* *For identification purpose only*