

新特能源股份有限公司

Xinte Energy Co., Ltd.

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

Stock code : 1799

Annual Report

2022



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Corporate Profile

DIRECTORS

Executive Directors

Mr. Zhang Jianxin (*Chairman*)
Mr. Yin Bo
Mr. Xia Jinjing

Non-executive Directors

Mr. Zhang Xin
Mr. Huang Hanjie
Ms. Guo Junxiang

Independent Non-executive Directors

Mr. Cui Xiang
Mr. Chen Weiping
Mr. Tam, Kwok Ming Banny

SUPERVISORS

Mr. Chen Qijun (*Chairman*)
Mr. Han Shu
Mr. Hu Shujun
Mr. Cao Huan
Mr. Guo Hao

AUDIT COMMITTEE

Mr. Tam, Kwok Ming Banny (*Chairman*)
Mr. Cui Xiang
Mr. Chen Weiping
Mr. Huang Hanjie
Ms. Guo Junxiang

NOMINATION COMMITTEE

Mr. Chen Weiping (*Chairman*)
Mr. Cui Xiang
Mr. Tam, Kwok Ming Banny
Mr. Zhang Xin
Mr. Xia Jinjing

REMUNERATION AND ASSESSMENT COMMITTEE

Mr. Cui Xiang (*Chairman*)
Mr. Chen Weiping
Mr. Tam, Kwok Ming Banny
Mr. Zhang Jianxin
Mr. Yin Bo

STRATEGY COMMITTEE

Mr. Zhang Jianxin (*Chairman*)
Mr. Cui Xiang
Mr. Chen Weiping
Mr. Zhang Xin
Mr. Yin Bo

JOINT COMPANY SECRETARIES

Ms. Zhang Juan
Ms. Chan Yin Wah⁽¹⁾
Ms. Ng Wing Shan⁽¹⁾

AUTHORIZED REPRESENTATIVES

Mr. Tam, Kwok Ming Banny
Ms. Chan Yin Wah⁽¹⁾
Ms. Ng Wing Shan⁽¹⁾

⁽¹⁾ On 7 March 2022, Ms. Ng Wing Shan resigned as the joint company secretary and the authorized representative of the Company and Ms. Chan Yin Wah was appointed as the joint company secretary and the authorized representative of the Company on the same day.



AUDITOR

SHINEWING Certified Public Accountants LLP

Certified Public Accountants
9/F, Block A, Fu Hua Mansion
No. 8, Chaoyangmen Beidajie, Dongcheng District
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the PRC

LEGAL ADVISERS

As to PRC law

Xinjiang Tianyang Law Firm

7/F, Block A Greentown Plaza
888 Hong Guang Shan Road
Shuimogou District
Urumqi, Xinjiang
the PRC

As to Hong Kong law

King & Wood Mallesons

13/F Gloucester Tower, The Landmark
15 Queen's Road Central, Central
Hong Kong

REGISTERED OFFICE

No. 2249, Zhongxin Street
Ganquanpu Economic and Technological
Development Zone (Industrial Park)
Urumqi, Xinjiang
the PRC

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No. 2249, Zhongxin Street
Ganquanpu Economic and Technological
Development Zone (Industrial Park)
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the PRC

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STOCK CODE

1799

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Definitions

In this annual report, unless the context otherwise requires, the following terms and expressions have the meanings as set forth below:

“100,000-ton Polysilicon Project in Inner Mongolia”	the 100,000-ton-per-annum high-purity polysilicon green energy circular economy construction project in Tumed Right Banner, Baotou City, Inner Mongolia Autonomous Region, the PRC
“200,000-ton Polysilicon Project in Zhundong”	the 200,000-ton-per-annum high-end electronic-grade polysilicon green low-carbon circular economy construction project in the Changji Zhundong Industrial Park in Xinjiang Uygur Autonomous Region, the PRC
“30%-controlled company”	has the meaning as ascribed to it under the Listing Rules
“A Share Offering”, “A Share Offering and Listing” or “Proposed A Share Offering”	the Company’s proposed initial public offering and listing of not exceeding 300,000,000 A Shares on the Shanghai Stock Exchange
“Articles of Association”	the articles of association adopted by the Company, as amended from time to time
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Audit Committee”	Audit Committee of the Board of the Company
“average utilisation hours”	the gross generation in a specified period divided by the average installed capacity in such period
“Baotou Kangyang Real Estate”	Baotou TBEA Kangyang Real Estate Co., Ltd.* (包頭特變電工康養置業有限責任公司), a company incorporated in the PRC with limited liability on 31 May 2021, a wholly-owned subsidiary of Xinjiang Tebian as at the Latest Practicable Date
“Board”	the board of Directors of the Company
“CASBE”	China Accounting Standards for Business Enterprises issued by the MOF
“CBIRC”	China Banking and Insurance Regulatory Commission
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this annual report, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Company”, “Xinte Energy”, “we” or “us”	Xinte Energy Co., Ltd. (新特能源股份有限公司), a company with limited liability incorporated in the PRC on 20 February 2008, which was transformed into a joint stock limited company on 16 October 2012, the H shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1799)



Definitions

“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Connected Person(s)”	has the meaning as ascribed to it under the Listing Rules
“Connected Transaction(s)”	has the meaning as ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“DC”	direct current (the unidirectional flow of electric charge)
“Director(s)”	a director (or all directors) of the Company
“Domestic Share(s)”	ordinary share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Employee Share Ownership Scheme”	the 2022 employee share ownership scheme implemented by the Company
“Group”, “our Group”	the Company and its subsidiaries
“GW”	gigawatt, a unit of power. 1GW = 1,000MW
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each which are listed on the Main Board of the Stock Exchange and are subscribed for and traded in Hong Kong dollars
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Inner Mongolia Xinte”	Inner Mongolia Xinte Silicon Materials Co., Ltd.* (內蒙古新特硅材料有限公司), a company with limited liability incorporated in the PRC on 9 February 2021 and an 82% owned subsidiary of the Company as at the Latest Practicable Date
“Latest Practicable Date”	21 April 2023, being the latest practicable date prior to the printing of this annual report for including certain information
“Listing”	listing of the H Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

Definitions

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“MOF”	Ministry of Finance of the PRC
“MW”	megawatt, a unit of power. 1MW = 1,000kW. The capacity of a power project is generally expressed in MW
“NDRC”	National Development and Reform Commission of the PRC
“NEA”	National Energy Administration of the PRC
“Nomination Committee”	Nomination Committee of the Board
“OFAC”	the United States Treasury Department’s Office of Foreign Assets Control
“on-grid tariff”	the selling price of electricity for which a power generating project can sell the electricity it generated to the power grid companies, usually denominated in RMB/kWh
“Participant(s)”	participant(s) of the Employee Share Ownership Scheme
“Partnerships” or “Shareholding Platforms”	the 11 limited partnerships established by the participants of the Employee Share Ownership Scheme to hold the Domestic Shares
“Province”	a province or, as the context requires, a provincial level autonomous region or municipality under the direct supervision of the central government of the PRC
“PV”	photovoltaic
“R&D”	research and development
“Remuneration and Assessment Committee”	Remuneration and Assessment Committee of the Board of the Company
“Reporting Period”	the year ended 31 December 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Shaanxi TBEA”	Shaanxi TBEA New Energy Co., Ltd. (陝西特變電工新能源有限公司), a company incorporated in the PRC with limited liability on 30 October 2005 and a wholly-owned subsidiary of Sunoasis, a subsidiary of the Company, as at the Latest Practicable Date
“Share(s)”	share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“SHINEWING”	SHINEWING Certified Public Accountants LLP
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	Strategy Committee of the Board of the Company
“Subject Share(s)”	the Domestic Share(s) to be granted to the Participants pursuant to the Employee Share Ownership Scheme, the source of the shares was originated from the Domestic Shares held by TBEA, the Controlling Shareholder of the Company, which were transferred to the Shareholding Platforms of the Employee Share Ownership Scheme
“Subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules
“Sunoasis”	TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司), a joint stock company incorporated in the PRC on 30 August 2000 and a 75.75% owned subsidiary of the Company (previously translated as TBEA Xinjiang New Energy Co., Ltd.) as at the Latest Practicable Date
“Supervisor(s)”	a supervisor (or all supervisors) of the Company
“Supervisory Board”	the supervisory board of the Company
“Supplemental Miscellaneous Services Framework Agreement (TBEA)”	the supplemental agreement entered into between the Company and TBEA on 17 October 2022 to revise the maximum amount payable to TBEA Group in respect of miscellaneous services transactions for the year ending 31 December 2023
“Supplemental Miscellaneous Services Framework Agreement (Xinjiang Tebian)”	the supplemental agreement entered into between the Company and Xinjiang Tebian on 17 October 2022 to revise the maximum amount payable to Xinjiang Tebian Group in respect of miscellaneous services transactions for the years ending 31 December 2022 and 2023

Definitions

“Supplemental Product Procurement Framework Agreement (TBEA)”	the supplemental agreement entered into between the Company and TBEA on 17 October 2022 to revise the maximum amount payable to TBEA Group in respect of product procurement transactions for the years ending 31 December 2022 and 2023
“Supplemental Product Procurement Framework Agreement (Xinjiang Tebian)”	the supplemental agreement entered into between the Company and Xinjiang Tebian on 17 October 2022 to revise the maximum amount payable to Xinjiang Tebian Group in respect of product procurement transactions for the years ending 31 December 2022 and 2023
“SVG”	Static VAR generator
“TBEA”	TBEA Co., Ltd. (特變電工股份有限公司), a joint stock company incorporated in the PRC with limited liability on 26 February 1993 and listed on the Shanghai Stock Exchange (Stock code: 600089). As of the Latest Practicable Date, TBEA directly and indirectly held 64.52% equity interest of the Company, and is the Controlling Shareholder of the Company
“TBEA Finance”	TBEA Finance Co., Ltd. (特變電工財務有限公司), a company incorporated in the PRC with limited liability on 29 November 2018 as well as a non-bank financial institution approved by China Banking and Insurance Regulatory Commission and a subsidiary of TBEA as at the Latest Practicable Date
“TBEA Group”	TBEA and its subsidiaries and its associates (excluding the Group)
“Xinjiang Joinworld”	Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司), a joint stock company incorporated in the PRC with limited liability on 13 February 1996 and listed on the Shanghai Stock Exchange (Stock Code: 600888), a connected person of the Company by being a 30%-controlled company of TBEA as at the Latest Practicable Date
“Xinjiang Tebian”	Xinjiang Tebian Group Co., Ltd. (新疆特變電工集團有限公司), a company with limited liability incorporated in the PRC on 27 January 2003, holding 6.07% equity interest in our Company directly and indirectly as of the Latest Practicable Date. Xinjiang Tebian is a connected person of the Company as it is a 30%-controlled company of Mr. Zhang Xin, a Director of the Company
“Xinjiang Tebian Group”	Xinjiang Tebian and its associates
“Xinte Biantong”	Tianjin Xinte Biantong Enterprise Management Partnership (Limited Partnership)* (天津新特變通企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the Employee Share Ownership Scheme

“Xinte Chengli”	Tianjin Xinte Chengli Enterprise Management Partnership (Limited Partnership)* (天津新特誠立企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the Employee Share Ownership Scheme
“Xinte Chengxin”	Tianjin Xinte Chengxin Enterprise Management Partnership (Limited Partnership)* (天津新特誠信企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the Employee Share Ownership Scheme
“Xinte Innovation”	Tianjin Xinte Innovation Enterprise Management Partnership (Limited Partnership)* (天津新特創新企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the Employee Share Ownership Scheme
“Xinte Dingxin”	Tianjin Xinte Dingxin Enterprise Management Partnership (Limited Partnership)* (天津新特鼎信企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the Employee Share Ownership Scheme
“Xinte Hexing”	Tianjin Xinte Hexing Enterprise Management Partnership (Limited Partnership)* (天津新特和興企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the Employee Share Ownership Scheme
“Xinte Jianming”	Tianjin Xinte Jianming Enterprise Management Partnership (Limited Partnership)* (天津新特簡明企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the Employee Share Ownership Scheme
“Xinte Kangrong”	Tianjin Xinte Kangrong Enterprise Management Partnership (Limited Partnership)* (天津新特康榮企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the Employee Share Ownership Scheme
“Xinte Green Energy”	Tianjin Xinte Green Energy Enterprise Management Partnership (Limited Partnership)* (天津新特綠能企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the Employee Share Ownership Scheme
“Xinte Tongxin”	Tianjin Xinte Tongxin Enterprise Management Partnership (Limited Partnership)* (天津新特同心企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the Employee Share Ownership Scheme
“Xinte Zhuocheng”	Tianjin Xinte Zhuocheng Enterprise Management Partnership (Limited Partnership)* (天津新特卓誠企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the Employee Share Ownership Scheme
“%”	per cent

* For identification purpose only

Major Events in 2022

IN JANUARY

The “Key Technology and Demonstration Project Application of UHV Multi-terminal Hybrid DC Transmission (特高壓多端混合直流輸電關鍵技術及示範工程應用)” project participated by the Group won the first prize from the 2021 Power Construction Science and Technology Advancement Award (電力建設科學技術進步獎) of the China Electric Power Construction Association.

The “Research and Industrialization Application of Medium-Voltage Static VAR Generators (中壓靜止無功發生器的研究及產業化應用)” project independently developed by the Group won the third prize from the 2021 Power Construction Science and Technology Advancement Award of the China Electric Power Construction Association.

IN MARCH

Six projects of the Group, including “Improvement of the Accuracy of Wind Turbine Foundation Anchor Plate Leveling (提高風機基礎錨盤調平精度)”, “Reduction of the Damage Rate of High-Strength Bolts Caused by Vortex-Induced Vibration of Wind Turbines under 100 Meters (降低100米以下風機渦激振動造成高強螺栓損傷率)” and “Improvement of the One-time Acceptance Rate of Direct-Buried Cables in Wind Farm (提高風電場直埋電纜施工一次驗收合格率)” won three second prize awards and three third prize awards, respectively from the 2021 Quality Management Team Activity of Power Construction of the China Electric Power Construction Association.

IN APRIL

The Group’s the technical transformation project of 34,000-ton polysilicon production line in Xinjiang was successfully completed and put into production, and the polysilicon capacity of Xinjiang Ganquanpu production base increased to 100,000 tons per year.

The “Key Technology Research and Industrialization Application of Multi-Port Electric Power Routers Applicable to New Distribution Network (《適用於新型配電網的多端口電能路由器關鍵技術研究及產業化應用》)” project of the Group won the second prize from the Science and Technology Advancement Award of Xinjiang Uygur Autonomous Region.

The Group was successfully approved to operate the first national intellectual property operation center for silicon-based new material industry in Xinjiang.

IN MAY

The Group implemented the Employee Share Ownership Scheme, under which 29,940,000 Domestic Shares were granted to 500 employees, realizing the combination of medium to long-term interests of the enterprise and its employees.

The “Xinjiang PV Engineering Technology Research Center” of the Group was awarded the title of “Outstanding Engineering Technology Research Center” selected by the Department of Science and Technology of Xinjiang Uygur Autonomous Region.

IN JUNE

The general contracting project of Tongshanling Wind Power Plant in Jiagyong County constructed by the Group won the “2022 China Power Quality Engineering Award (2022年度中國電力優質工程獎)” selected by the China Electric Power Construction Association.

IN JULY

The Group won the titles of “Excellent PV Material Supplier”, “PV Leadership Enterprise” and “Top 10 PV Inverter Suppliers” at the sixth CPIF and 2021 Ceremony of Excellent PV Brands in China (第六屆中國光伏產業論壇暨2021中國好光伏品牌盛典).

The Group won the title of “2021 Innovative Enterprise for Practicing Double Carbon Goals” at the seventh China Energy Development and Innovation Forum. The TS320KTL-HV string inverter product independently developed by the Group was selected as the “2021 Best Innovative Product for Practicing the Double Carbon Target”.

IN AUGUST

China Electricity Council published the “Benchmark Results of Wind Power Operation Index in the Power Sector of 2021 (2021年度電力行業風電運行指標對標結果)” and “Benchmark Results of PV Power Generation Operation Index in the Power Sector of 2021 (2021年度電力行業光伏發電運行指標對標結果)”. Eight of the wind power plants constructed by the Group in the PRC were rated as AAA, and two of the PV power plants were rated as AAAA while one of the overseas PV power plants was rated as AAAAA.

IN SEPTEMBER

The 100,000-ton Polysilicon Project in Inner Mongolia reached production capacity in a single day at the end of September.

The Group was awarded as “2022 Intellectual Property Model Enterprise (2022年度知識產權示範企業)” by the China National Intellectual Property Administration.

The Group won the “2022 Best New Energy Storage Technology Innovation Award in China’s Energy Storage Industry (2022年度中國儲能產業最佳新型儲能技術創新獎)” at the 12th China International Energy Storage Conference (CIES) in 2022.

The Group was awarded the “2021–2022 Advanced Unit of Standardization Work (2021–2022年度標準化工作先進單位)” by the China PV Industry Association.

IN OCTOBER

The “Key Technology and Equipment of $\pm 800\text{kV}$ Flexible Direct Current Transmission Converter Valve ($\pm 800\text{kV}$ 柔性直流換流閥關鍵技術與裝備)” project and the “Full-function Test Technology and Engineering Application of Multi-type High-voltage DC Transmission Converter Equipment (多類型高壓直流輸電換流功率裝備全功能試驗技術與工程應用)” project participated by the Group won the first prize and second prize from the 2022 Science and Technology Advancement Award of Mechanical Industry, respectively.

IN DECEMBER

The “Research and Application of Key Technologies for Comprehensive Evaluation of UHV AC/DC Hybrid Grid (特高壓交直流混聯電網綜合評價關鍵技術研究與應用)” project participated by the Group won the third prize from the 2022 Power Construction Science and Technology Advancement Award of the China Electric Power Construction Association.

Financial Summary

During the Reporting Period, the Group achieved operating revenue of RMB37,541.11 million, total profits of RMB16,815.05 million and net profit attributable to shareholders of the listed company of RMB13,395.47 million.

The Group's business mainly comprises polysilicon and construction and operation of wind power and PV power plants.

The following table sets forth the Group's operating revenue generated from each business segment during the periods as shown and the percentage of operating revenue in each segment:

	2022		RMB	2021		Rate of change
	RMB	Percentage of operating revenue		Percentage of operating revenue		
Polysilicon	25,663,307,724.41	68.36%	11,575,636,767.66	51.39%	121.70%	
Construction of wind power and PV power plants	7,688,088,705.29	20.48%	7,761,437,141.60	34.46%	-0.95%	
Operation of wind power and PV power plants	2,038,316,519.58	5.43%	1,873,544,983.78	8.32%	8.79%	
Others	2,151,401,550.40	5.73%	1,312,421,049.61	5.83%	63.93%	
Total	37,541,114,499.68	100.00%	22,523,039,942.65	100.00%	66.68%	

The assets, liabilities and operating results of the Group for the five years ended 31 December 2022 are summarized as follows:

	As of 31 December/Year ended 31 December				
	2022 RMB	2021 RMB	2020 RMB	2019 RMB	2018 RMB
Total assets	79,261,044,062.13	58,198,873,145.40	45,314,516,027.58	42,112,453,069.74	35,288,966,822.25
Total liabilities	43,117,351,667.81	34,810,233,544.51	30,813,276,704.56	28,258,290,063.71	24,000,989,805.74
Owner's equity	36,143,692,394.32	23,388,639,600.89	14,501,239,323.02	13,854,163,006.03	11,287,977,016.51
Including: Interests attributable to the					
shareholders of listed company	31,800,033,272.46	20,027,574,793.73	12,041,369,110.88	11,430,320,666.32	10,020,875,551.31
Interests of minority shareholders	4,343,659,121.86	3,361,064,807.16	2,459,870,212.14	2,423,842,339.71	1,267,101,465.20
Operating revenue	37,541,114,499.68	22,523,039,942.65	14,182,284,542.71	9,643,991,500.26	12,226,738,122.03
Total profits	16,815,048,942.77	6,318,345,920.83	892,321,662.65	567,419,478.64	1,208,756,356.43
Income tax expenses	2,388,803,221.32	934,334,896.63	64,109,611.64	43,056,224.53	98,113,364.11
Net profit	14,426,245,721.45	5,384,011,024.20	828,212,051.01	524,363,254.11	1,110,642,992.32
Including: Net profit attributable to					
shareholders of the listed company	13,395,473,298.73	4,955,264,764.83	634,572,524.53	409,869,756.58	1,107,137,364.06
Profit and loss of minority shareholders	1,030,772,422.72	428,746,259.37	193,639,526.48	114,493,497.53	3,505,628.26
Earnings per share					
Including: Basic earnings per share (RMB/share)	9.37	3.92	0.53	0.35	1.06
Diluted earnings per share (RMB/share)	9.37	3.92	0.53	0.35	1.06



Chairman's Statement

Dear Shareholders,

Time is a great recorder, writing the footprints of strugglers. We strive for survival and development in struggles, and seize opportunities and seek breakthroughs in challenges. We have moved from the magnificent 2022 and welcomed the vigorous 2023.

2022 is the year of deepening of the “14th Five-Year” Planning, and also marks a meaningful milestone for the Group's development. Seizing major strategic opportunities such as the State's “carbon emissions peaking and carbon neutrality” and “dual circulation”, we have developed comprehensively and rapidly, and promoted the Group's high quality development to a new level, creating the best performance in our history. In 2022, the Group achieved revenue of RMB37.541 billion, representing a year-on-year increase of 66.68%; and achieved net profit attributable to the shareholders of the listed company of RMB13.395 billion, representing a year-on-year increase of 170.33%.

This year, we focused on the goals of “carbon emissions peaking and carbon neutrality” and accelerated our presence in the silicon-based new material industry. The “Three Driving Forces” of Xinjiang Ganquanpu, Zhundong and Inner Mongolia Baotou projects kept pace together. The 34,000-ton polysilicon technical transformation project in Xinjiang Ganquanpu, and the 100,000-ton Polysilicon Project in Inner Mongolia have been completed on schedule, and their quality and production have been reached rapidly, increasing the total polysilicon capacity of the Group to 200,000 tons per year. Construction of the first phase with 100,000 tons of the 200,000-ton Polysilicon Project in Zhundong was commenced in May 2022, and 80% of the project progress has been completed by the end of 2022. It is expected that the project will be completed and put into production in the first half of 2023, and the total polysilicon production capacity will reach 300,000 tons per year.

This year, around the strategy of “one body and two wings” of wind power and PV resources, we strengthened the development of centralized wind power and PV projects, and launched new household PV business, explored the development models such as generation, grid, load and energy storage as well as energy storage. We have acquired more than 6GW of development resources, commenced construction of 46 new projects in the year, and set a new record for the installed capacity. We have achieved a breakthrough in the first order for products such as inverters and SVG in Greece, Uganda, Bulgaria, Brazil and other countries.

This year, by adhering to the technology empowerment, we focused on undertaking construction projects of national intellectual property operation centers for silicon-based new material industry, and with the advantages of talent and technology gathered on the innovation platform, promoted the high-quality development of the silicon-based industry. A “zero carbon” park planning simulation system was built around the “zero carbon” park project to promote application scenarios and solution innovation of the new energy power system. We insist on building high-quality boutique projects. The general contracting project of Tongshanling Wind Power Plant in Jiangyong County won the 2022 China Power Quality Engineering Award of the China Electric Power Construction Association, and the QC subjects such as wind farm construction won three second prize awards and three third prize awards, respectively from the China Electric Power Construction Association.

Chairman's Statement

This year, we planned the future based on actual conditions, and granted 29,940,000 shares to 500 employees through the Shareholding Platforms, practicing the concept of “Developing for Employees and Relying on Employees, Sharing Development Achievements with Employees”, thus realizing the combination of interests of the enterprise and its employees.

The new era confers a new mission, which in turn embarks on a new journey, which in turn calls for new actions. The clarion call for expedition has been sounded. In 2023, we will continue to inherit the spirit of “overcome difficulties, never give up, strive to change the fate”, firmly believing in confidence, seeking truth and keeping pragmatic and assiduous. We will comprehensively promote the Group's quality development with the attitude of seizing the moment, so that new energy and new materials can open up a new life and brighten a new future.

Chairman

Zhang Jianxin

1 March 2023

Management Discussion and Analysis

I. REVIEW OF INDUSTRY DEVELOPMENT STATUS

With transformation of the global energy structure and continuous deepening of the “carbon emissions peaking and carbon neutrality” goals, clean energy represented by wind power and PV has achieved rapid development. The newly installed wind power and PV power generation capacity in China reached 125 GW in 2022, maintaining the growth momentum. In 2022, the PRC government successively launched a number of policies to support the development of new energy industry from various aspects, such as improving the construction of system and mechanism, increasing the proportion of non-fossil energy power generation represented by wind power and PV, scaling up new energy storage, and actively promoting new energy power projects for grid-connected power generation.

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

- On 30 January 2022, the NDRC and the NEA jointly issued the Opinions on Improving Institutional Mechanisms and Policy Measures for Green and Low-Carbon Energy Transformation (《關於完善能源綠色低碳轉型體制機制和政策措施的意見》), which states that during the “14th Five-Year” period, the institutional framework for promoting green and low-carbon energy development will be basically established, a relatively sound policy, standard, market and regulatory system will be formed, and a mechanism for promoting green and low-carbon energy transformation led by the “double control” of energy consumption and the target system for non-fossil energy will be built; and by 2030, a complete basic system and policy system for green and low-carbon energy development will be basically established, a pattern of energy production and consumption will be formed in which non-fossil energy will both basically meet the incremental energy demand and replace the fossil energy inventory on a large scale, and the capacity of energy security will be comprehensively enhanced.
- On 17 March 2022, the NEA issued the Notice on the Issuance of the Guiding Opinions on Energy Work in 2022 (《關於印發〈2022年能源工作指導意見〉的通知》), which clarifies that the target for the proportion of electricity generated by wind power and PV to the electricity consumption of the whole society in the PRC in 2022 is around 12.2%, and that the utilisation rate of power generation continues to be maintained at a reasonable level. The government will vigorously develop wind power and PV by increasing its efforts to plan and build large-scale wind power and PV bases, and actively promoting the construction of complementary water power, wind power and PV bases. The government will continue with the development and construction of roof distributed PV within a county, solidly promote the construction of large-scale wind power and PV bases in desert, Gobi and barren areas, and build photothermal power generation projects. They are designated to promote green and low-carbon transformation of the energy, and speed up the achievement of carbon emissions peaking and carbon neutrality.

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- On 21 March 2022, the NEA and the NDRC jointly issued the Implementation Plan for the Development of New Energy Storage during the “14th Five-Year” Period (《「十四五」新型儲能發展實施方案》), stating that by 2025, the new energy storage will enter into the scale development stage from the initial period of commercialization with conditions for the large-scale commercialised application; and by 2030, new energy storage will achieve comprehensive market-driven development. This plan also proposes to accelerate the construction of system-friendly new energy power stations on the power source side, support the delivery from a high proportion of renewable energy bases with new energy storage, and promote the development and consumption of large wind power and PV bases in the desert, Gobi and barren areas and large-scale offshore wind power. Also, the regulation capacity of conventional power sources such as coal power will be enhanced through reasonable allocation of energy storage.
- On 14 May 2022, the NDRC and the NEA jointly issued the Implementation Plan for Promoting High-Quality Development of New Energy in the New Era (《關於促進新時代新能源高質量發展的實施方案》), which states that in order to achieve the target of reaching a total installed capacity of over 1.2 billion kW of wind power and solar power by 2030, the establishment of a clean, low-carbon, safe and efficient energy system should be accelerated. The construction of large-scale wind power and PV bases focusing on desert, Gobi and barren areas will be speeded up, the integration of new energy development and utilization with rural revitalization will be facilitated, the application of new energy in the fields of industry and construction will be promoted, and the society will be guided to consume new energy and other green power.
- On 1 June 2022, nine government departments including the NDRC, the NEA and the MOF jointly issued the Notice on the Issuance of the “14th Five-Year” Plan for Renewable Energy Development (《關於印發「十四五」可再生能源發展規劃的通知》). In accordance with the task requirement of the proportion of non-fossil energy consumption accounting for around 20% by 2025, the notice states clearly that during the “14th Five-Year” Plan period, the proportion of renewable energy of China to the incremental primary energy consumption will exceed 50%, the proportion of the increase in the renewable energy generation to the increase in electricity consumption across the society will exceed 50%, and the amount of electricity generated through wind and solar power electricity will double; the national weight of total responsible consumption of electricity generated from renewable energy will reach around 33%, while the weight of responsible consumption of electricity generated from renewable energy (excluding hydropower) will reach around 18%, the utilization rate of renewable energy will maintain at a reasonable level.
- On 25 November 2022, the General Department of the NEA issued the Notice on Actively Promoting New Energy Power Plants to be Connected to the Grid as Much as Possible and as Early as Possible (《關於積極推動新能源發電項目應併盡併、能併早併有關工作的通知》), which specifies that in order to further improve the grid connection of new energy power plants by the end of 2022, each power grid enterprise, under the premise of ensuring safety and stability of the power grid and orderly supply of electricity and in the principle of “being connected to the grid as much as possible and as early as possible”, should take effective measures to ensure the wind power and PV power plants which have met the requirements of grid connection are connected to the grid in a timely manner, allow the grid connection in batches, but shall not take the completion of full capacity as an essential condition for the grid connection of new energy projects.

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

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

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

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

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

II. PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

In 2022, under the general global trend of green and low-carbon energy transformation, the Group seized the opportunity of global development in the new energy industry, increased polysilicon production capacity by accelerating the business layout, continuously improved the quality of products through technical innovation and process optimisation. By increasing its effort to acquire wind power and PV resources, expanding the scale of power plants operated by the Group, the Group optimised its construction costs and power generation costs through technical innovation and management upgrade, which further improved its comprehensive competitiveness. During the Reporting Period, the Group achieved revenue from operations of RMB37,541.11 million, net profit of RMB14,426.25 million and the net profit attributable to shareholders of the listed company of RMB13,395.47 million, representing increases of 66.68%, 167.95% and 170.33% over the corresponding period of last year, respectively.

Management Discussion and Analysis

1. Polysilicon Production and Construction Projects

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

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

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

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

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

3. Technology and R&D

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

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

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In 2022, a total of 95 patents submitted by the Group were granted. As of 31 December 2022, the Group had a total of 740 domestic patents, 7 international patents, and participated in the preparation of 77 issued standards, including 6 international standards, 39 national standards and 32 industry standards.

4. Safety and Environmental Protection Construction

The Group continues to insist on “people and safety-oriented” management policy, fully implements safety and environmental protection responsibilities and enhances the construction of HSSE (health, safety, security and environmental protection) system. During the Reporting Period, the Group had no major safety production, environmental protection, security accidents and incidents.

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

5. Talent Team Building

During the Reporting Period, the Group strengthened its talent team building in accordance with its strategic and business needs. For new polysilicon operation projects and projects under construction, the Group provided mature talents by ways of internal transfer and selection, and external recruitment of experts and technical backbones. With its focus on core target universities, the Group continued to promote various cooperation modes such as industry-academia-research-application cooperation, joint cultivation, order-based classes and internships to guarantee rapid replenishment of high-quality scientific research teams and front-line production teams, and to ensure the staffing at project design, construction, commissioning, production and other stages. The Group established the mindset of “strengthening the enterprise with talent” with “talent cultivation, training and teams” approach, had a sound talent cultivation mechanism in place, whereby it strengthened the reserve and cultivation of reserve talents, set up a training base for highly skilled talents, and gradually realised the cultivation of compound talents with “one person with multiple posts and one concentration with multiple capabilities”, thereby contributing to the vocational skills improvement of employees and the quality development of the enterprise. The Group implemented the Employee Share Ownership Scheme during the Reporting Period, under which 29,940,000 domestic shares of the Company were granted to 500 employees, realizing the combination of medium to long-term interests of the enterprise and its employees.

III. OPERATING RESULTS AND ANALYSIS

Revenue

The Group generates revenue mainly from three business segments, including polysilicon and construction and operation of wind power and PV power plants. During the Reporting Period, the revenue of the Group was RMB37,541.11 million, representing an increase of RMB15,018.07 million or 66.68% from RMB22,523.04 million in the corresponding period of last year, which was mainly attributable to the increase in sales of the Group's polysilicon products and significant increase in sales prices during the Reporting Period.

During the Reporting Period, the revenue of the polysilicon segment was RMB25,663.31 million, representing an increase of RMB14,087.67 million or 121.70% from RMB11,575.64 million in the corresponding period of last year, mainly attributable to the increase in sales of the Group's polysilicon products and significant increase in sales prices during the Reporting Period.

During the Reporting Period, the revenue of the construction of wind power and PV power plants segment was RMB7,688.09 million, representing a decrease of RMB73.35 million or 0.95% from RMB7,761.44 million in the corresponding period of last year.

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

Cost

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

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

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

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

Gross profit and gross profit margin

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

Selling expenses

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

Administrative expenses

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

R&D expenses

During the Reporting Period, the R&D expenses incurred by the Group were RMB325.35 million, representing a decrease of RMB11.90 million or 3.53% from RMB337.25 million in the corresponding period of last year.

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Financial expenses

During the Reporting Period, the financial expenses incurred by the Group were RMB702.14 million, representing a decrease of RMB11.74 million or 1.64% from RMB713.88 million in the corresponding period of last year.

Investment income

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

Income tax expenses

During the Reporting Period, the income tax expenses incurred by the Group were RMB2,388.80 million, representing an increase of RMB1,454.47 million or 155.67% from RMB934.33 million in the corresponding period of last year, which was mainly due to the significant increase in the Group's total profit during the Reporting Period.

Net profit attributable to shareholders of the listed company

During the Reporting Period, the net profit attributable to shareholders of listed company was RMB13,395.47 million, representing an increase of RMB8,440.21 million or 170.33% from RMB4,955.26 million in the corresponding period of last year, which was mainly due to the significant increase in the Group's total profit during the Reporting Period.

Profit or loss attributable to non-controlling interests

During the Reporting Period, the profit attributable to non-controlling interests incurred by the Group were RMB1,030.77 million, representing an increase of RMB602.03 million or 140.42% from RMB428.75 million in the corresponding period of last year, which was mainly due to the increase in profit of the Company's non-wholly owned subsidiaries during the Reporting Period.

Cash flows

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

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Net cash flow generated from operating activities

During the Reporting Period, the net cash flow generated from operating activities of the Group was RMB12,732.23 million, representing an increase of RMB8,421.97 million or 195.39% from RMB4,310.26 million in the corresponding period of last year, which was mainly due to the increase in the operating cash received resulting from the increase in income of the Group during the Reporting Period.

Net cash flow generated from investing activities

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

Net cash flow generated from financing activities

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

Operation fund

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

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

The required capital fund of the construction and operation of wind power and PV power plants businesses in which the Group is engaged generally accounts for 20%–30% of the total investment of a project, the rest of which is mainly bank loans that could materially affect the Group's gearing ratio. As at 31 December 2022, the gearing ratio of the Group was 45.38% while that as at 31 December 2021 was 53.49%. Gearing ratio was calculated as its net debt divided by total equity, where net debt is total interest-bearing liabilities less restricted cash and cash and cash equivalents.



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The Group's wind power and PV power plants under construction and completed pending for transfer were included in the inventory item, and whether the wind power and PV power plants can be transferred in time is significantly important for the Group's inventory turnover rate and turnover days. The inventory turnover rate and turnover days of the Group were 3.95 times and 91.05 days as at 31 December 2022, respectively, and the inventory turnover rate and turnover days of the Group were 4.46 times and 80.72 days as at 31 December 2021, respectively.

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

Capital expenditure

During the Reporting Period, the major capital expenditure of the Group included the purchases of fixed assets and intangible assets as well as other long-term asset expenditure with the total amount of RMB14,456.93 million.

Pledge of assets

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

Capital liquidity

As at 31 December 2022, current assets of the Group amounted to RMB27,368.75 million, among which, RMB5,195.45 million was monetary capital; RMB5,937.35 million was inventories and contract assets; RMB13,478.12 million was accounts receivable, notes receivable and receivables financing, primarily consisting of the receivables of construction and operation of wind power and PV power plants and receivables of sales of inverters; and RMB2,691.02 million was other receivables, prepayments and other current assets, primarily consisting of advances, prepayments and deductible value-added tax.

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

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

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Credit risk

As at 31 December 2022, the largest credit risk exposure that may incur financial loss to the Group mainly came from the other party's failure to perform its obligations under the contract that leads to a loss of financial assets of the Group. The Group reviews customers' credit line and perform other monitoring procedures to ensure necessary measures are taken to recover overdue debts. In addition, the Group reviews the recovery of each item of receivables at each balance sheet date, to ensure sufficient bad debt provisions are made on unrecoverable items. The Group's credit risk related to liquidity was relatively low as its liquidity was deposited in banks with high credit rating and TBEA Group Finance Co., Ltd..

Foreign exchange risk

The Group's foreign exchange exposure is mainly related to United States dollars, Hong Kong dollars and Euro. Except that certain subsidiaries are using United States dollars for sales, other main business operations of the Group are denominated and settled in RMB. As at 31 December 2022, some of the Group's assets and liabilities have balances in United States dollars and few balances in Euro and Hong Kong dollars. The foreign exchange exposure of such foreign currencies is minimal, and will not have a material adverse impact on the financial position of the Group. The Group uses reasonable hedging instruments and products to reduce the risk of exchange rate fluctuations, adhere to the principle of exchange rate hedging, clarify the management of target exchange rates, and appropriately conduct businesses such as spot and forward settlements to avoid the risk of exchange rate fluctuations.

Interest rate risk

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

Contingent liabilities

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

Employees, remuneration, retirement and employees benefit scheme

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

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



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Details of the Group's retirement and employees benefit scheme are set out in Note VI. 26 to the consolidated financial statements.

During the Reporting Period, the Company granted 29,940,000 Domestic Shares to the participants of the 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 500 participants. For details, please refer to the announcements dated 15 March 2022, 19 April 2022 and 5 May 2022 and the circular dated 19 April 2022 of the Company, as well as the section headed "Employee Share Ownership Scheme" of the Report of the Board of Directors in this report.

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

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

Future plans for material investment or capital asset

As of the Latest Practicable Date, save as disclosed in the section headed "Proposed A Share Offering" of the Report of the Board of Directors in this report, the Group did not have future plans for material investment or capital asset.

Significant investments

The Group had no significant investments during the Reporting Period.

IV. PROSPECTS

Market Prospects

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

Management Discussion and Analysis

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

Business Plan

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

1. Strengthening Safety Management

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

2. Production Enhancement Plan

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

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

3. Quality Improvement Plan

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

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

With respect to the construction and operation of wind power and PV power plants, firstly, the Group will continually improve the construction of engineering quality system, enhance the level of quality informatization, and strengthen source management through control on design and procurement; secondly, the Group will strengthen the quality management in the construction process, implement the sample project and quality stage acceptance system, and improve the process quality management, to continuously build high-quality projects; thirdly, the Group will accelerate the construction and application of the advanced functions of smart operation and maintenance platform for power stations and the fusion function among the systems, and set reliability indicators for equipment control and management, to promote the construction of intelligent power stations.

Management Discussion and Analysis

4. Costs Management and Control Plan

In terms of the polysilicon business, the Group will further strengthen cost management, and formulate detailed cost reduction plans and promote their implementation by focusing on key indicators such as unit consumption of main and supporting materials and energy consumption. Firstly, the Group will analyze the market trend of industrial silicon, enhance our price analysis capabilities for raw materials, make efforts to source raw material suppliers, and take advantage of the listing opportunity of industrial silicon futures to effectively manage raw material costs; secondly, the Group will focus on the optimization of polysilicon reduction furnace technology, the improvement of cold hydrogenation conversion rate and the development of distillation system to achieve technological breakthroughs and further reduce energy consumption and material consumption; thirdly, the Group will rapidly achieve full production capacity for the 200,000-ton Polysilicon Project in Zhundong and reduce production costs by increasing production capacity; fourthly, the Group will deeply study the policies relating to electricity transactions, formulate targeted strategies for bidding transactions, and strive for a larger quota of new energy power replacement, to constantly reduce electricity costs.

In terms of the construction and operation of wind power and PV power plants, firstly, the Group will reduce construction costs by analyzing the price trends of key raw materials and equipment; secondly, the Group will strictly implement comprehensive budget management, set full-range cost targets from the project establishment stage, strengthen dynamic cost management and control during the implementation of projects, and correct cost deviations in a timely manner; thirdly, the Group will accelerate the improvement of the intelligent operation, maintenance and management level of power stations, continually carry out the reliability governance of equipment, tap the potential of equipment, and constantly reduce the operation cost of power stations.

5. Technology Innovation Plan

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

6. Human Resources Plan

The Group will focus on building a team of technology and innovative talent according to the strategic development plan and the progress of project construction, realizing the attraction, cultivation, use and retention of talent, thus leading the high-quality development of the Group. Firstly, the Group will introduce top talents in the fields of silicon-based new materials, generation, grid, load and energy storage, new power systems, smart manufacturing and smart energy around the strategic goals of the “14th Five-Year” Plan, making up for the shortcomings in terms of talents; secondly, the Group will further strengthen the talent pool building, continue to improve the collaborative training mechanism for innovative and craftsman talents, build a cadre team with deep sense of professionalism and broad view of management, and continuously increase the capabilities of talents to inject new momentum into the high-quality development of the Group.

V. RISK FACTORS AND RISK MANAGEMENT

1. Risks associated with changes in policies

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

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

2. Risks associated with decreasing price of polysilicon

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

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

Management Discussion and Analysis

3. Risks associated with technology and new product substitution

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

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

4. Risks associated with intensified market competition

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

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

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

In March and September 2022, the NDRC, the MOF and the NEA jointly issued the Notice on Carrying out Self-inspection Work on Renewable Energy Power Generation Subsidies (《關於開展可再生能源發電補貼自查工作的通知》) and the Notice on Clarifying Relevant Policy Interpretations for Verification and Identification of Renewable Energy Power Generation Subsidies (《關於明確可再生能源發電補貼核查認定有關政策解釋的通知》), deciding to carry out the verification of renewable energy power generation subsidies nationwide, which involved a total of approximately 11,825 projects. In January 2023, entrusted by the NDRC, the MOF and the NEA, the State Grid and China Southern Power Grid officially released the Announcement on Publishing the List of the First Batch of Renewable Energy Power Generation Subsidy Compliant Projects (《關於公佈第一批可再生能源發電補貼合規項目列表的公告》) respectively, announcing a total of 7,335 compliant projects. According to the Company's self-inspection, there is a risk associated with the renewable energy power generation subsidies being possibly reduced or cancelled for certain wind power and PV power plants held and constructed by the Group, which may have a certain impact on the profitability of the Group's new energy power station construction and operation business segment, and further affect the operating results of the Group.

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

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

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

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

7. Risks associated with international trade disputes and political factors

Under the background of increasing uncertainties in the international environment and intensifying international trade frictions, the PV industry has become an advantageous and strategic emerging industry in China, and is also facing a number of uncertainties, such as the United States announced that the Uyghur Forced Labor Prevention Act (《防止强迫维吾尔人劳动法》) is effective and prohibited the import of products from Xinjiang. Part of the Group's polysilicon production lines are located in Xinjiang, and the above factors may have certain impact on the Group's operation.

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

Profile of Directors, Supervisors and Senior Management

DIRECTORS

Executive Directors

Mr. Zhang Jianxin, aged 50, currently serves as chairman and executive Director, and the general manager of Sunoasis. Mr. Zhang holds a PhD degree, and he is also an economist of economic management. Mr. Zhang worked as the director of Investment and Development Department, and the deputy chief economist of TBEA, etc. Mr. Zhang has served as an executive Director of the Company since February 2008, and also served as the chairman since July 2012.

Mr. Yin Bo, aged 44, currently serves as an executive Director and general manager. Mr. Yin holds a master's degree and is a chief senior engineer with a major in chemical engineering. Mr. Yin served as a clerk of polysilicon preparatory team of TBEA, the head of technology department, deputy chief engineer, the general manager of polysilicon workshop, and the deputy general manager of the Company, etc. Mr. Yin has served as an executive Director and deputy general manager of the Company since June 2015, and also served as executive Director and general manager of the Company since March 2016.

Mr. Xia Jinjing, aged 42, currently serves as an executive Director and general manager of Inner Mongolia Xinte. Mr. Xia holds a master's degree and is a chief senior engineer with a major in chemical engineering. He served as a technician at Sichuan Yibin Tianyuan Co., Ltd. (四川宜賓天原股份有限公司), a process engineer at Chengdu Wuhuan Xinrui Chemical Co., Ltd. (成都五環新銳化工有限公司), a deputy general manager at Chongqing Daquan New Energy Co., Ltd. and the process engineer, the general manager of polysilicon business, the deputy general manager of the Company, etc. Mr. Xia had served as executive Director of the Company since June 2018.

Non-executive Directors

Mr. Zhang Xin, aged 61, currently serves as a non-executive Director. Mr. Zhang obtained associate degree, and he is an electrical engineer as well as a senior engineer of machinery and electronics. Mr. Zhang currently serves as the chairman of TBEA, the director of Xinjiang Joinworld, the director of Xinjiang Tebian, etc. Mr. Zhang worked as factory manager of Changji City Special Transformers Factory, the chairman of TBEA Silicon Industry Co., Ltd. (特變電工硅業有限公司) (the predecessor of the Company), the chairman of Sunoasis, etc. Mr. Zhang has served as a non-executive Director of the Company since February 2008.

Mr. Huang Hanjie, aged 44, currently serves as a non-executive Director. Mr. Huang holds a master's degree and is a senior accountant. He currently serves as a director and the general manager of TBEA, the director of Xinjiang Joinworld, etc., and previously served as a deputy director of the finance department, director of the finance department, deputy chief accountant, deputy general manager, executive general manager of TBEA, etc. Mr. Huang has served as a non-executive Director of the Company since June 2021.

Ms. Guo Junxiang, aged 52, currently serves as a non-executive Director. Ms. Guo obtained bachelor's degree and is a senior economist in industrial economics. Ms. Guo currently serves as the director of TBEA. She worked as deputy director of general manager office, director of bond department and the board secretary of TBEA. Ms. Guo has served as a non-executive Director of the Company since February 2008.

Profile of Directors, Supervisors and Senior Management

Independent Non-executive Directors

Mr. Cui Xiang, aged 62, currently serves as an independent non-executive Director. Mr. Cui holds a PhD degree and the title of professor. Mr. Cui currently serves as a professor and doctoral supervisor of North China Electric Power University, an executive director of the China Electrotechnical Society, etc. He has won the Outstanding Contribution Award for China Electric Power Science and Technology* (中國電力科學技術傑出貢獻獎), and the honorary titles including “Significant Contribution Expert for State Grid UHV DC Demonstration Project”* (國家電網特高壓直流示範工程重要貢獻專家), and “Special Contribution Expert for State Grid UHV AC Test Demonstration Project”* (國家電網特高壓交流試驗示範工程特殊貢獻專家). Mr. Cui has served as an independent non-executive Director of the Company since June 2021.

Mr. Cui is also an independent director of Beijing Sifang Automation Co., Ltd. (Stock code: 601126.SH).

Mr. Chen Weiping, aged 66, currently serves as an independent non-executive Director. Mr. Chen holds a bachelor’s degree and is a professor-level senior engineer. Mr. Chen currently serves as a re-appointed technical expert of Hualu Engineering & Technology Co., Ltd. (華陸工程科技有限責任公司), and previously served as an engineer, senior engineer, deputy chief engineer, chief engineer of the medical department, director of the process office, professor-level senior engineer, etc. in the Sixth Design Institute of the Ministry of Chemical Industry* (化工部第六設計院) and China Hualu Engineering Company* (中國華陸工程公司) (currently known as Hualu Engineering & Technology Co., Ltd.). Mr. Chen was awarded the honorary titles including “Master of Engineering Survey and Design in the Petroleum and Chemical Industry”* (石油和化工行業工程勘察設計大師), “Model Worker of Shaanxi Province”* (陝西省勞動模範), “Master of Survey and Design in Shaanxi Province”* (陝西省勘察設計大師), “Master of Engineering Design in Shaanxi Province”* (陝西省工程設計大師) and “Construction Craftsman for the 70th Anniversary of the Founding of China”* (中國成立七十周年建築工匠), and enjoys the “Special Allowance of the State Council”* (國務院特殊津貼). Mr. Chen has served as an independent non-executive Director of the Company since June 2021.

Mr. Tam, Kwok Ming Benny, aged 60, currently serves as an independent non-executive Director. Mr. Tam is a certified public accountant in Hong Kong, a Chartered Certified Accountant, and a practising certified public accountant in Hong Kong. Mr. Tam currently serves as a partner of YATA Certified Public Accountants. He previously served as an auditor, audit manager, and partner of Ho and Ho & Company and a practicing director of ShineWing (HK) CPA Limited. Mr. Tam has served as an independent non-executive Director of the Company since June 2021.

SUPERVISORS

Mr. Chen Qijun, aged 52, currently serves as a chairman of Supervisory Board. He obtained an associate degree, and is a senior economist of economic management, senior enterprise risk manager and senior credit manager. Mr. Chen is now serving as the chairman of supervisory board, secretary of the disciplinary inspection committee and chief risk control compliance officer of TBEA, the chairman of the supervisory board of Xinjiang Joinworld, etc. He worked as the deputy factory manager and executive deputy factory manager of Xinjiang Transformers Factory of TBEA, the general manager of TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司), etc. Mr. Chen has served as a Supervisor of the Company since June 2015.

Profile of Directors, Supervisors and Senior Management

Mr. Hu Shujun, aged 50, currently serves as a Supervisor, obtained master's degree and is a senior electrical engineer. Mr. Hu now serves as chairman and general manager of Xinjiang Tebian, a director of TBEA, a director of Xinjiang Communications Construction Group Co., Ltd. (新疆交通建設集團股份有限公司) (Stock code: 002941.SZ), etc. He worked as iron core workshop director, head of production department, assistant to the factory manager and deputy factory manager of TBEA Xinjiang Transformers Factory, and the assistant to the general manager and deputy general manager of TBEA. Mr. Hu has served as a Supervisor of the Company since June 2015.

Mr. Han Shu, aged 45, currently serves as a Supervisor. He holds a bachelor's degree and is a qualified lawyer. He currently serves as the Supervisor and the director of legal affairs department of TBEA. He previously served as a clerk and deputy director of legal affairs department and the director of risk management department of TBEA Cable Factory in Xinjiang, and the deputy director of legal affairs department of TBEA. Mr. Han has served as a Supervisor of the Company since June 2018.

Mr. Cao Huan, aged 39, currently serves as an employee representative Supervisor and secretary of discipline inspecting department. He obtained bachelor's degree. He worked as the purchasing supervisor of purchase department, assistant to the director of audit department, deputy director of audit department and director of audit department of the Company. Mr. Cao has served as an employee representative Supervisor of the Company since June 2015.

Mr. Guo Hao, aged 44, currently serves as an employee representative Supervisor and the chief compliance officer of Sunoasis. He holds a master's degree and is a qualified lawyer. He previously served as a legal specialist of Shandong Qingdao Rongtai Foundry Machinery Co., Ltd.* (山東省青島榮泰鑄造機械有限責任公司), a legal manager of Xi'an Dongqing Optoelectronics Technology Co., Ltd.* (西安東慶光電科技有限公司), a legal manager of Yulin Jiaxian Tianbao Technology Industry and Trade Co., Ltd.* (榆林佳縣天寶科工貿有限公司), a legal director, deputy director and director of legal affairs department of Sunoasis. Mr. Guo has served as an employee representative Supervisor of the Company since June 2021.

SENIOR MANAGEMENT

Mr. Yin Bo, aged 44, currently serves as an executive Director and general manager. Biographical details of Mr. Yin are set out on page 34 of this annual report.

Mr. Hu Haiyong, aged 54, currently serves as the deputy general manager, with a master's degree and the title of chief senior petrochemical engineer. Mr. Hu served as a technician, engineer, director, secretary and deputy chief engineer of the fertilizer plant of Urumqi petrochemical branch of PetroChina Company Limited and the general manager of the Company's polysilicon business. Mr. Hu has served as the deputy general manager of the Company since March 2022.

Mr. Gan Xinye, aged 47, currently serves as a deputy general manager. He holds a PhD degree and is an electrical engineer. Mr. Gan worked as the director of Inner Mongolia Office of TBEA Heng-yang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司), head of strategic development department, deputy general manager of marketing department, assistant to the general manager and general manager of international complete engineering branch of the Company. Mr. Gan has served as a deputy general manager of the Company since December 2012.



Profile of Directors, Supervisors and Senior Management

Mr. Yang Long, aged 47, currently serves as a deputy general manager. He holds a bachelor's degree and is a senior economist. Mr. Yang has served as cashier of Huilai City Credit Cooperative (惠來城市信用社) in Urumqi, accountant of Longda Group's Xinjiang Branch (龍大集團新疆分公司), director of finance department and business administration department of Sunoasis, director of the finance department, and assistant to general manager of the Company. Mr. Yang has served as deputy general manager of the Company since June 2018.

Mr. Li Xiliang, aged 43, currently serves as a deputy general manager. He holds a PhD degree and is a chief senior engineer with a major in mechatronics. He has served as designer in the design office of TBEA Xinjiang Transformers Factory, assistant to the director and deputy director of TBEA's technology management department, director of the technology management department and deputy chief engineer of the Company. Mr. Li has served as deputy general manager of the Company since June 2018.

Mr. Liu Xiubing, aged 45, currently serves as a deputy general manager. He holds a bachelor's degree, and is a registered safety engineer and a senior engineer in safety engineering. He served as the manager of the safety and environment management department of Zhejiang Huahai Pharmaceutical Co., Ltd., the director of the safety and environment management department and assistant to the general manager of the Company. Mr. Liu has served as the deputy general manager of the Company since February 2021.

Mr. Zheng Weijie, aged 45, currently serves as the chief accountant and the chief accountant of Sunoasis. He holds a bachelor's degree and is an intermediate economist. Mr. Zheng worked as a bank and tax accountant and the head of financing in the finance department, and director of the fund management center of TBEA and deputy chief accountant of Sunoasis. Mr. Zheng has served as the chief accountant of the Company since June 2015.

Ms. Zhang Juan, aged 34, currently serves as the secretary to the Board and the joint company secretary. She holds a bachelor's degree, and is a Certified General Accountant of Canada (加拿大註冊會計師) and intermediate economist. Ms. Zhang served as a staff member in the securities department of TBEA and assistant to head of securities department of the Company. Ms. Zhang has served as the secretary to the Board and the joint company secretary of the Company since June 2015.

Report of the Board of Directors

PRINCIPAL ACTIVITIES

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 PV power plants.

MANAGEMENT DISCUSSION AND ANALYSIS

The details of management discussion and analysis of the Company during the Reporting Period are set out on pages 15 to 33 of this annual report.

RESULTS

The audited results of the Group during the Reporting Period are set out in the Consolidated Statement of Income on pages 104 to 106. The financial position of the Group as at 31 December 2022 is set out in the Consolidated Balance Sheet on pages 98 to 100. The consolidated cash flows of the Group during the Reporting Period are set out in the Consolidated Statement of Cash Flows on pages 109 to 111. The discussion and analysis on result performances and the important factors affecting the results and financial position of the Group during the year are set out in the Management Discussion and Analysis on pages 21 to 27 of this annual report.

SHARE CAPITAL

As of 31 December 2022, the structure of the issued share capital of the Company is as follows:

Classification of Shares	Par value per Share	Number of issued Shares	Percentage of number of issued Shares (%)
Domestic Shares	RMB1.00	1,053,829,244	73.69
H Shares	RMB1.00	376,170,756	26.31
Total		1,430,000,000	100.00

Proposed A Share Offering

On 5 May 2022, the Company's Proposed A Share Offering and related matters 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 200,000-ton Polysilicon Project in Zhundong 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, whilst the remainder will be settled through bank loans and other methods. On 28 June 2022, the Company's application materials in respect of the Proposed A Share Offering has been accepted by the CSRC. As of the Latest Practicable Date, relevant regulatory authorities have been reviewing the Company's application materials. For details, please refer to the announcements dated 13 January 2021, 15 March 2022, 5 May 2022, 28 June 2022, 4 July 2022, 18 November 2022, 6 March 2023 and 22 March 2023, and the circular dated 19 April 2022 of the Company.

USE OF PROCEEDS FROM THE ISSUANCE OF DOMESTIC SHARES

On 28 September 2021, the Company completed the non-public issuance of 167,304,874 Domestic Shares to TBEA under the special mandate at a price of RMB13.73 per Domestic Share (the "Issuance of Domestic Shares"), with net proceeds (after deduction of the related costs) amounting to approximately RMB2,293.48 million. As of 31 December 2022, the Company has fully utilized the net proceeds from the issuance of Domestic Shares for the following purposes, the details of the use of the proceeds are as follows:

Use	Allocation Amount (RMB million)	Utilized amount as at 31 December 2021 (RMB million)	Utilized amount as at 31 December 2022 (RMB million)
1. Construction of the 100,000-ton Polysilicon Project in Inner Mongolia	2,000.00	1,549.78	2,000.00
2. Replenishment of working capital for the development of wind power and PV resources	293.48	292.92	293.48
Total	2,293.48	1,842.70	2,293.48

Report of the Board of Directors

PROFITS DISTRIBUTABLE TO SHAREHOLDERS

As of 31 December 2022, the Company had profits distributable to shareholders of RMB20,282,081,924.13.

RESERVES

Details of movements in the reserves of the Company during the Reporting Period are set out in Note VI. 40 and Note VI. 41 to the consolidated financial statements.

DIVIDEND POLICY

The Company may distribute dividends in cash or by other means that the Company considers appropriate. Any proposed distribution of dividends shall be determined by the Board and subject to Shareholders' approval. A decision to declare or to pay dividends and the amount of dividends will depend on a number of factors, including the Company's operating results, cash flow, financial position, payments by our subsidiaries of cash dividends to us, future prospects and other factors that the Directors may consider important. According to PRC law and the Articles of Association, the Company will pay dividends out of our profit after tax only after the Company has made the following allocations:

- recovery of accumulated losses, if any;
- allocations to the statutory common reserve fund equivalent to 10% of our after-tax profit as determined under PRC GAAP; and
- allocations that are approved by the Shareholders at a general meeting, if any, to any common reserve fund.

PROFIT DISTRIBUTION AND FINAL DIVIDEND

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

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

TAX REDUCTION AND EXEMPTION FOR THE HOLDERS OF H SHARES

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

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

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

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

- For an individual holder of H shares who is a resident of Hong Kong or Macau or other country (region) that has signed a tax treaty with the PRC stipulating a rate of 10%, the Company shall withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares when distributing the final dividend;
- For an individual holder of H shares who is a resident of a country (region) which has signed a tax treaty with the PRC stipulating a rate of lower than 10%, the Company shall temporarily withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares while distributing the final dividend. In case the relevant individual holders of H shares are to apply for refund of the tax over-withheld, the Company will follow the Notice of Tax to handle the application of the relevant tax treaty benefits on their behalf. The qualifying shareholders are required to timely submit the written request for the Notice of Tax and all application materials to the H Share Registrar, Computershare Hong Kong Investor Services Limited; the Company will forward the received documents to the competent tax authorities for review, and if approved, the Company will assist in handling the refund of the over-withheld tax;
- For an individual holder of H shares who is a resident of a country (region) that has signed a tax treaty with the PRC stipulating a rate higher than 10% but lower than 20%, the Company shall withhold and pay the individual income tax at the applicable rate stipulated in the relevant tax treaty while distributing the final dividend for the individual holders of H shares; and
- For an individual holder of H shares who is a resident of a country (region) which has signed a tax treaty with the PRC stipulating a rate of 20% or an individual holder of H Shares who is a resident of a country (region) which has no tax treaty with the PRC or otherwise, the Company shall withhold and pay the individual income tax at the rate of 20% while distributing the final dividend for the individual holders of H shares.

Report of the Board of Directors

Withholding and Payment of Enterprise Income Tax on behalf of Domestic Corporate Investors and Individual Income Tax on behalf of Domestic Individual Shareholders

Pursuant to the requirements of the Notice on the Tax Policies Concerning the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) and the Notice on the Tax Policies Concerning the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) published by the Ministry of Finance, the State Administration of Taxation and the CSRC, for the dividends obtained by domestic individual shareholders who invest in the Company's H shares through the Hong Kong Stock Connect, the Company shall withhold and pay individual income tax at a rate of 20%; for the dividends obtained by domestic corporate investors who invest in the company's H shares through the Hong Kong Stock Connect, the Company does not withhold and pay the corporate income tax, and the tax payable shall be reported and paid by the domestic corporate investors themselves.

CLOSURE OF REGISTER OF MEMBERS

In order to determine shareholders who are entitled to attend and vote at the forthcoming annual general meeting (“AGM”) to be held on Thursday, 18 May 2023, the register of members of the Company will be closed from Saturday, 13 May 2023 to Thursday, 18 May 2023, both days inclusive. Holders of H shares and domestic shares whose names appear on the register of members of the Company on Thursday, 18 May 2023 are entitled to attend and vote at the AGM. Holders of H shares of the Company 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, 12 May 2023 for registration. Holders of domestic shares of the Company who intend to attend and vote at the AGM shall lodge all transfer documents accompanied by the relevant domestic share certificates with the office of the Board secretary of the Company at No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC no later than 4:30 p.m. on Friday, 12 May 2023 for registration.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, the Group has not purchased, sold or redeemed any of the Company's listed securities.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Group's operating revenue attributed to its top five major customers and the largest customer accounted for 52.08% and 16.49% of the Group's operating revenue, respectively.

During the Reporting period, the Group's procurement amounts attributed to its top five major suppliers and the largest supplier accounted for 23.20% and 7.72% of the Group's total procurement amount, respectively.

The customers of the Group were basically silicon wafer manufacturing enterprises in the midstream and the operation enterprises of PV and wind power plant in the downstream of new energy industry, mainly including state-owned enterprises, central enterprises and private enterprises, which have established cooperation with the Group in the recent 5 years. Major customers were treated similarly to other customers in such aspects as delivery method, payment method and settlement conditions, without enjoying special terms. The settlement of major customers' accounts receivable was strictly compliant with the requirements of relevant contracts, and provision was made for accounts receivable in accordance with the Company's accounting policy.

TBEA Group was one of the five major suppliers of the Group during the Reporting Period, and directly or indirectly owned 64.52% equity interest in the Company as of the Latest Practicable Date.

Save as otherwise disclosed in this annual report, to the best knowledge of the Directors none of the Directors, their associates or shareholders who own more than 5% of the issued share capital of the Company has any equity interest in the top five major customers and the top five major suppliers of the Group.

The Group has been keeping a sustained and stable relationship with customers and suppliers. The Group has not relied on any individual customer and supplier in conducting the business to cause a significant impact on the Group.

RELATIONSHIP WITH EMPLOYEES

There is no gender discrimination in recruitment. The Group has established a scientific and reasonable promotion path for its employees based on their job rank and job responsibilities, taking into account their work performance, work attitude and personal development prospects, and supplemented with a targeted training system to nurture and motivate outstanding talents, thereby building a professional, efficient and diversified talent team for the Group's development.

Meanwhile, with an emphasis on the corporate culture of "Developing for Employees and Relying on Employees, Sharing Development Achievements with Employees" and by actively implementing the philosophy of "Creation and Share", the Group further deepens livelihood-related projects and continuously promotes the construction of harmonious enterprise. In 2022, focusing on the most needed, most urgent and most direct livelihood issues concerning most of the employees, the Group conducted "Livelihood-Related Projects" for its employees to address their concerns regarding children's education, support offered to financially stressed employees, health care, training and employee marriage, and delivered a satisfactory "livelihood-related answer sheet" to its employees with practical actions, thus improving the production, living, working and learning environment and welfares of its employees.

For further details of staff development, training and relationship with employees, please refer to the environmental, social and governance report in 2022 to be issued by the Company in due course.

Report of the Board of Directors

BANK BORROWINGS AND OTHER BORROWINGS

Details of the bank borrowings and other borrowings of the Group as at 31 December 2022 are set out in Note VI. 21 and Note VI. 31 to the consolidated financial statements.

CHARITABLE DONATION

During the Reporting Period, the Group has made charitable donations of approximately RMB1.03 million in total mainly for the livelihood projects and infrastructure construction at the places to which the donation went.

BUILDING STRUCTURES AND EQUIPMENT

Details of changes in the building structures and equipment of the Group during the Reporting Period are set out in Note VI. 14 to the consolidated financial statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographies of Directors, Supervisors and senior management of the Company during the Reporting Period and as of the Latest Practicable Date are set out on pages 34 to 37 of this report. There is no financial, business, or family relationship among a Director and any other Directors, Supervisors or chief executives.

SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with each of the Directors and Supervisors. The principal particulars of such service contracts are (1) from the date of appointment to the date of expiry of the term of the current session of the Board/Supervisory Board; and (2) are subject to termination in accordance with their respective terms.

Each of the Directors and Supervisors has entered into a contract with the Company in respect of, among others, compliance with relevant laws and regulations, the Articles of Association, arbitration and other provisions.

Save as disclosed above, none of the Directors has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT'S REMUNERATION

Details about the remuneration of Directors, Supervisors of the Group during the Reporting Period are set out in Note XI. (V) to the consolidated financial statements.

The remuneration of the Company's senior management as at 31 December 2022 is within the following range:

Remuneration range	Individual
RMB2,500,000 to RMB4,000,000	2
RMB4,000,001 to RMB6,000,000	3
RMB6,000,001 to RMB13,500,000	3

The Company's internal policies on the Directors' and Supervisors' remuneration are as follows:

1. The Company will pay each independent non-executive Director an allowance of RMB200,000 annually (before tax, paid on a quarterly basis, the Company being responsible for withholding and paying individual income tax).
2. The Company will pay each Director (excluding independent non-executive Director) an allowance of RMB160,000 annually (before tax, paid on a quarterly basis, the Company being responsible for withholding and paying individual income tax), and the Company also will pay remuneration to Directors who hold other positions in the Company based on their duties and performance.
3. The Company will pay each Supervisor an allowance of RMB80,000 annually (before tax, paid on a quarterly basis, the Company being responsible for withholding and paying individual income tax), and the Company also will pay remuneration to Supervisors who hold other positions in the Company based on their duties and performance.

INTEREST OF DIRECTORS AND SUPERVISORS IN CONTRACTS

During the Reporting Period, the Group was not, either directly or indirectly, a party to any material transaction, arrangement or contract of significance to the business of the Group in which the Directors and Supervisors (or their related entities) had a material interest and which was subsisting during the Reporting Period or at the end of the Reporting Period.

INTEREST OF DIRECTORS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

Report of the Board of Directors

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, so far as known to the Company, the interest and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) (a) which will have to be notified to the Company and the Stock Exchange (including those taken or deemed to be owned by them under such provisions of the SFO); or (b) which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) are as follows:

Name	Nature of Interest	The Company/ associated corporation	Number/type of shares of the Company/ associated corporation held	Approximate percentage of shareholdings in the total share capital of the Company/ associated corporation ⁽¹⁾	Approximate percentage of shareholdings in the relevant class of shares of the Company ⁽²⁾	Long position/ short position
DIRECTORS						
Mr. Zhang Xin	Interest in a controlled corporation ⁽³⁾	The Company	86,759,908 Domestic Shares	6.07%	8.23%	Long position
	Beneficial owner	TBEA ⁽⁴⁾	406,403 shares	0.01%	N/A	Long position
	Interest in a controlled corporation ⁽⁵⁾	TBEA ⁽⁴⁾	446,982,637 shares	11.50%	N/A	Long position
Mr. Huang Hanjie	Beneficial owner	TBEA ⁽⁴⁾	860,180 shares	0.02%	N/A	Long position
Ms. Guo Junxiang	Beneficial owner	TBEA ⁽⁴⁾	825,180 shares	0.02%	N/A	Long position
Mr. Zhang Jianxin	Interest in a controlled corporation ⁽⁶⁾	The Company	15,955,000 Domestic Shares	1.12%	1.51%	Long position
Mr. Yin Bo	Beneficial owner	TBEA ⁽⁴⁾	655,000 shares	0.02%	N/A	Long position
	Interest in a controlled corporation ⁽⁷⁾	The Company	16,165,000 Domestic Shares	1.13%	1.54%	Long position
Mr. Xia Jinjing	Beneficial owner	TBEA ⁽⁴⁾	310,000 shares	0.01%	N/A	Long position
SUPERVISORS						
Mr. Han Shu	Beneficial owner	TBEA ⁽⁴⁾	1,058 shares	0.00%	N/A	Long position
Mr. Hu Shujun	Beneficial owner	TBEA ⁽⁴⁾	69,376 shares	0.00%	N/A	Long position
Mr. Guo Hao	Beneficial owner	TBEA ⁽⁴⁾	62,500 shares	0.00%	N/A	Long position
Mr. Cao Huan	Beneficial owner	TBEA ⁽⁴⁾	30,000 shares	0.00%	N/A	Long position



Report of the Board of Directors

- (1) The calculation is based on the total number of 3,885,465,706 shares of TBEA in issue and 1,430,000,000 shares of the Company in issue as at 31 December 2022.
- (2) The calculation is based on the total number of 1,053,829,244 Domestic Shares of the Company in issue as at 31 December 2022.
- (3) Mr. Zhang Xin directly holds 40.08% equity interest in Xinjiang Tebian and holds 24.04% equity interest in Xinjiang Tebian through his wholly-owned Tianjin Hongyuan Innovation Enterprise Management Co., Ltd.* (天津宏遠創新企業管理有限公司), and Xinjiang Tebian held 83,863,108 Domestic Shares of the Company as at 31 December 2022; Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.* (新疆遠卓企業管理諮詢有限公司), a wholly-owned subsidiary of Xinjiang Tebian, holds 2,896,800 Domestic Shares of the Company. Therefore, Mr. Zhang Xin holds approximately 6.07% of the total issued Shares of the Company through his interests in the controlled corporations.
- (4) TBEA is the Company's Controlling Shareholder and therefore an associated corporation of the Company. As at 31 December 2022, TBEA held 921,286,161 Domestic Shares (approximately 87.42% of the relevant class of Shares) of the Company, and TBEA (HONGKONG) CO., LIMITED, a wholly-owned subsidiary of TBEA, held 1,223,200 H Shares (approximately 0.33% of the relevant class of Shares) of the Company, which in total accounted for approximately 64.52% of the total number of issued Shares of the Company.
- (5) Mr. Zhang Xin directly holds 40.08% equity interest in Xinjiang Tebian and holds 24.04% equity interest in Xinjiang Tebian through his wholly-owned Tianjin Hongyuan Innovation Enterprise Management Co., Ltd.* (天津宏遠創新企業管理有限公司), and Xinjiang Tebian directly holds 446,982,637 shares of TBEA.
- (6) Mr. Zhang Jianxin is a limited partner of Xinte Kangrong and holds 45.87% interest in it, so he is deemed to be interested in the 2,180,000 Domestic Shares of the Company held by Xinte Kangrong; in addition, Mr. Zhang Jianxin is the general partner of 5 partnership enterprises (namely Xinte Tongxin, Xinte Chengxin, Xinte Zhuocheng, Xinte Green Energy and Xinte Innovation), and has contributed RMB1,000 to each of the 5 partnership enterprises. Mr. Zhang Jianxin (as the general partner) is deemed to be interested in the total 13,775,000 Domestic Shares of the Company held by the aforesaid 5 partnership enterprises under the SFO.
- (7) Mr. Yin Bo is the general partner of 6 partnership enterprises (namely Xinte Dingxin, Xinte Chengli, Xinte Biantong, Xinte Kangrong, Xinte Jianming and Xinte Hexing), and has contributed RMB1,000 to each of the 6 partnership enterprises. Mr. Yin Bo (as the general partner) is deemed to be interested in the total 16,165,000 Domestic Shares of the Company held by the aforesaid 6 partnership enterprises under the SFO.

Save as disclosed above, as at 31 December 2022, none of the Directors, Supervisors and chief executive of the Company had any interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those being taken or deemed to be owned by them under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Board of Directors

DIRECTOR AND SUPERVISOR INSURANCE

During the Reporting Period and up to the Latest Practicable Date, the Company provided the Directors and Supervisors with liability insurance cover arrangement.

PERMITTED INDEMNITY PROVISIONS

During the Reporting Period and up to the Latest Practicable Date, the Company had in force indemnity provisions as permitted under the relevant statutes for the benefit of the Directors (including former Directors) of the Company or its associated companies. The permitted indemnity provisions are provided for in the Directors and officers liability insurance policies taken out by the Company in respect of potential liability and costs associated with legal proceedings that may be brought against such Directors.

EMPLOYEE SHARE OWNERSHIP SCHEME

On 5 May 2022, the adoption of the Employee Share Ownership Scheme was considered and approved at the general meeting of the Company, and on the same day, the Company granted 29.94 million Domestic Shares to the Participants of the Employee Share Ownership Scheme (a total of 500 Participants including Directors, Supervisors, senior management, middle management, core technical employees and core business employees of the Company) through the Shareholding Platforms of the Employee Share Ownership Scheme. Unless otherwise required by the context, the terms used below shall have the same meaning as those defined in the announcements of the Company dated 15 March 2022, 19 April 2022, 5 May 2022 and the circular dated 19 April 2022.

Details of the Employee Share Ownership Scheme are set out below:

(1) Objectives and Purposes

The objectives and purposes of the Employee Share Ownership Scheme are to improve and perfect the governance structure of the Company, establish an effective incentive and restraint mechanism, attract and retain talents, improve the Company's middle and senior management and key employees' sense of responsibility and mission to achieve the sustainable and healthy development, and to effectively combine the interests of Shareholders, the Company and the employees' interests.

(2) Subject Shares

Domestic Shares, with all rights and obligations of Shareholders attached thereto, will be purchased by the Participants to have their ownership registered after the grant of the Subject Shares by the Company to the Participants at a certain price. During the Reporting Period, all the Subject Shares under the Employee Share Ownership Scheme were granted, and there were no other Shares subject to grant. The Subject Shares represented 2.09% of the weighted average of the total number of Shares in issue as at 31 December 2022, and 2.84% of the weighted average of the total number of Domestic Shares in issue as at 31 December 2022.

(3) Source of the Subject Shares

The Subject Shares under the Employee Share Ownership Scheme were originated from the Domestic Shares held by TBEA, which were transferred to the Shareholding Platforms of the Employee Share Ownership Scheme. The Employee Share Ownership Scheme shall not involve any issue of new Shares.

(4) Participants

The Participants mainly include the Company's (i) Directors, Supervisors and senior management; (ii) middle management; (iii) core technical employees and core business employees; and (iv) other Participants identified by the Board. The number of Participants who meet the above conditions and participate in the Employee Share Ownership Scheme is in a total of 500.

In determining the number of Subject Shares to be granted to the Participants, the Company has considered the Participants' seniority, performance, function, contribution and importance to the Company and formulated a uniform principle for granting.

The grant date of the Subject Shares was 5 May 2022, being the date on which the Employee Share Ownership Scheme was approved by the Company at the extraordinary general meeting. The Participants shall be employees of the Group at the time when the Subject Shares are granted. As at the Latest Practicable Date, a total of 20 Participants of the Employee Share Ownership Scheme have resigned. As the Company has submitted filing for its A Share Offering and Listing to the regulatory authorities, the black-out period for the Employee Share Ownership Scheme has started and the window period has been closed, during which no change of Shares would be made. Upon the opening of the window period, the above resigned personnel will proceed to exit from the Employee Share Ownership Scheme.

Report of the Board of Directors

Name/ Category of Grantee	Grant price of the Subject Shares per share ⁽¹⁾ (RMB)	During the Reporting Period Number of Shares				Lapsed (‘0,000 shares)	Balance of the Subject Shares granted but not unlocked as at 31 December 2022 ⁽³⁾ (‘0,000 shares)
		Granted ⁽²⁾ (‘0,000 shares)	Unlocked (‘0,000 shares)	Cancelled (‘0,000 shares)			
Directors							
Zhang Jianxin	13.73	1,00	—	—	—	1,00	
Yin Bo	13.73	1,00	—	—	—	1,00	
Xia Jinjing	13.73	25	—	—	—	25	
Supervisors							
Cao Huan	13.73	18	—	—	—	18	
Guo Hao	13.73	7	—	—	—	7	
Senior management, middle management, core technical and business employees, as well as other Participants identified by the Board (495 ⁽⁴⁾ in total)	13.73	2,744	—	—	—	2,744	
Total		2,994	—	—	—	2,994	

- (1) The grant price of the Subject Shares was determined with reference to the price of the latest issue of domestic shares of the Company, i.e. RMB13.73 per share. As at the grant date, the relevant subscription amounts had been paid by the Participants.
- (2) The number of shares granted to the top five individuals with the highest total remuneration in 2022 was 7,250,000 Shares in aggregate.
- (3) The lock-up period of the Employee Share Ownership Scheme shall start from the grant date to the end of 36 months after the listing date of the Company’s A Shares. If the Company fails to materialize the A Share Offering and there is no further plan for it at that time, the “Special exit circumstances” will be automatically triggered. Participants may, through the Partnership, decide whether to transfer its Shares in the Company to TBEA or other third party. In such circumstances, the lockup period shall be 3 years from the grant date.
- (4) None of the Participants was granted with Shares in excess of the 1% individual limit (as defined in the Listing Rules).

(5) Fair value

According to the appraisal report issued by Yinxin Appraisal Co., Ltd (銀信資產評估有限公司), the fair value of the Subject Share(s) on the grant date was RMB20.29 per share.

RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

Except for the Employee Share Ownership Scheme, during the Reporting Period, no right to subscribe for the Shares in or debentures of the Company or any of its associated corporations was granted by the Company to any Director, Supervisor or chief executive of the Company or their respective spouses or children aged under 18, and no such rights to subscribe for the above Shares or debentures were exercised by them.

EVENTS AFTER THE BALANCE SHEET DATE

In order to facilitate the A Share offering of the Company, the Group transferred its equity interests of the companies to which two new energy power station projects with land use defects belong to TBEA. On 6 January 2023, Sunoasis and Shaanxi TBEA respectively entered into the Equity Interest Transfer Agreement with TBEA, whereby Sunoasis agreed to transfer 100% equity interest in Urumqi Mingrui Guangsheng Power Generation Co.,Ltd.* (烏魯木齊明瑞廣晟發電有限公司) (“**Mingrui Guangsheng**”) to TBEA, and the transfer consideration agreed by both parties shall be RMB134,999,999, which was based on the appraised value of the total shareholders’ equity of Mingrui Guangsheng of RMB158,200,000; Shaanxi TBEA agreed to transfer 100% equity interest in Wuqi Huaguang New Energy Co., Ltd.* (吳起縣華光新能源有限公司) (“**Wuqi Huaguang**”) to TBEA, and the transfer consideration agreed by both parties shall be RMB1, which was based on the appraised value of the total shareholders’ equity of Wuqi Huaguang of RMB23,200,000. As at the Latest Practicable Date, all equity interest transfers have been completed, and Mingrui Guangsheng and Wuqi Huaguang ceased to be subsidiaries of the Company and were no longer consolidated into the financial statements of the Group. For details, please refer to the announcement of the Company dated 6 January 2023.

Report of the Board of Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2022, so far as known to the Directors of the Company after reasonable enquiry, the following persons (other than the Directors, Supervisors or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and had been entered in the register required to be kept by the Company according to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Class of Shares held	Number of Shares held	Approximate percentage of shareholdings in the relevant class of Shares of the Company ⁽¹⁾	Approximate percentage of shareholdings in the total share capital of the Company ⁽¹⁾	Long position/ short position
TBEA	Beneficial owner Interest in a controlled corporation ⁽²⁾	Domestic Shares	921,286,161	87.42%	64.43%	Long position
		H Share	1,223,200	0.33%	0.09%	Long position
Xinjiang Tebian	Beneficial owner Interest in a controlled corporation ⁽³⁾	Domestic Shares	83,863,108	7.96%	64.52%	Long position
		Domestic Shares	2,896,800	0.27%	0.20%	Long position
					6.07%	
The Bank of New York Mellon Corporation	Interest in a controlled corporation ⁽⁴⁾⁽⁵⁾	H Share	35,710,621	9.49%	2.49%	Long position

Notes:

- (1) The calculation is based on the total number of 1,430,000,000 shares of the Company in issue as at 31 December 2022, in which 376,170,756 are H Shares and 1,053,829,244 are Domestic Shares.
- (2) TBEA indirectly holds 1,223,200 H Shares through its wholly-owned subsidiary TBEA (HONGKONG) CO., LIMITED.
- (3) Xinjiang Tebian indirectly holds 2,896,800 Domestic Shares through its wholly-owned subsidiary Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.* (新疆遠卓企業管理諮詢有限公司).
- (4) The Bank of New York Mellon holds 27,515,421 H Shares, and BNY Mellon Corporate Trustee Services Limited holds 8,195,200 H Shares. The Bank of New York Mellon Corporation holds 100% equity interest of The Bank of New York Mellon, which holds 100% equity interest of BNY Mellon Corporate Trustee Services Limited through BNY International Financing Corporation.

The Bank of New York Mellon Corporation is deemed to have interests in 8,195,200 H Shares held by BNY Mellon Corporate Trustee Services Limited and 27,515,421 H Shares held by The Bank of New York Mellon (35,710,621 H Shares in total) under the SFO.

Save as disclosed above, as of 31 December 2022, the Directors of the Company are not aware that any other person (other than the Directors, Supervisors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or have to be entered in the register kept by the Company according to Section 336 of the SFO.

COMPLIANCE WITH OFAC UNDERTAKINGS

During the listing of the Company, an undertaking (“**OFAC Undertakings**”) was made to the Stock Exchange by the Company that the Company would not use any proceeds from the global offering to directly or indirectly finance or prompt any activities or businesses (no matter for what purpose) conducted with or for any sanctioned objects. Hence, the Directors confirmed that the Company had complied with the OFAC Undertakings during the Reporting Period and will continue to comply with the OFAC Undertakings in the ordinary course of business of the Company in the future.

MANAGEMENT CONTRACT

No contracts relating to the management and administration of the whole or any substantial part of the business of the Group were entered into or subsisted during the Reporting Period.

DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed elsewhere in this annual report, there was no transaction, arrangement or contract of significance in relation to the Company’s business, to which the Company or any of the Company’s subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director or an entity connected with a Director had, whether directly or indirectly, a material interest, nor was there any other transaction, arrangement or contract of significance in relation to the Company’s business, or significant contract for delivery of service between the Company or any of the Company’s subsidiaries and a controlling shareholder or any of its subsidiaries.

CONNECTED TRANSACTIONS

The following connected transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and conform to the relevant disclosure requirements. In relation to the connected transactions mentioned below, the Directors confirm that the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules.

The following disclosed amounts in respect of the continuing connected transactions in this section are not equivalent to the related-party transactions in Note XI to the consolidated financial statements. The differences are attributable to (i) the amount of the fully exempted continuing connected transactions; and (ii) the fact that the definition of Connected Person is different from that of related-party used in the consolidated financial statements.

Report of the Board of Directors

Apart from the connected transactions or continuing connected transactions stated below in this annual report, none of the related-party transactions constituted non-exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

Non-exempt Connected Transactions

Inner Mongolia Xinte, a subsidiary of the Company, entered into property sale and purchase agreements with Baotou Kangyang Real Estate

On 11 April 2022 and 26 August 2022, Inner Mongolia Xinte entered into property sale and purchase agreements with Baotou Kangyang Real Estate, being a wholly-owned subsidiary of Xinjiang Tebian, which is a 30%-controlled company of Mr. Zhang Xin, a Director of the Company, and thus a connected person of the Company, to purchase 135 units of commercial properties with basements as the expert apartments of Inner Mongolia Xinte at a total consideration of RMB75,425,400, and to purchase 68 units of commercial housing with basements as the staff dormitories of Inner Mongolia Xinte at a total consideration of RMB34,607,200. For details, please refer to the announcements of the Company dated 11 April 2022 and 26 August 2022.

Non-exempt Continuing Connected Transactions

The Group conducted certain non-exempt continuing connected transactions during the Reporting Period. The relevant transactions did not exceed the relevant caps announced or approved by the Shareholders for the year ended 31 December 2022.

The following table states the annual cap and actual transaction amount of such continuing connected transactions in 2022:

Connected transactions	Connected person	2022 Annual cap (RMB million)	2022 Actual transaction amounts (RMB million)
1. Provision of products for the Group	TBEA	1,600	1,465.44
2. Provision of coal for the Group	TBEA	600	501.14
3. Provision of miscellaneous services for the Group	TBEA	500	255.84
4. Sales of products to TBEA	TBEA	200	85.46
5. Provision of products for the Group	Xinjiang Tebian	500	329.21
6. Provision of miscellaneous services for the Group	Xinjiang Tebian	700	346.25
7. Provision of deposit services for the Group (maximum daily deposit balance (including accrued interests))	TBEA Finance	3,000	2,997.48

- (1) The Company entered into certain framework agreements and supplemental agreements with TBEA

Product Procurement Framework Agreement and Supplemental Agreement with TBEA

In view of past collaboration experience with TBEA, the products supplied by TBEA are necessary for the construction and operation of the Group's polysilicon projects, PV and wind power plants and the fact that TBEA possesses a relative edge in terms of price, quality, delivery schedule and payment terms, the Group has been procuring products from TBEA Group. The Company entered into a product procurement framework agreement with TBEA on 10 November 2020, pursuant to which, TBEA Group shall provide the Group with transformers (including ancillary equipment), wires, cables and other equipment. The product procurement framework agreement is for a term from 1 January 2021 to 31 December 2023, which can be renewed after obtaining the consent of both parties. On 13 October 2021, the Company entered into a supplemental product procurement framework agreement with TBEA, and increased each of the annual caps of the continuing connected transactions for products procurement from TBEA Group for 2021 to 2023.

In 2022, the Group implemented the 200,000-ton Polysilicon Project in Zhundong. In order to meet the Group's needs for production and operation and project construction of the 200,000-ton Polysilicon Project in Zhundong, the Company entered into the Supplemental Product Procurement Framework Agreement (TBEA) with TBEA on 17 October 2022, which was considered and approved at the 2022 second extraordinary general meeting of the Company, and adjusted the annual caps for products procurement from TBEA Group for 2022 and 2023 to RMB1.6 billion from RMB900 million and RMB700 million, respectively.

For details, please refer to the announcements of the Company dated 10 November 2020, 13 October 2021, 22 November 2021 and 17 October 2022, the circulars of the Company dated 2 December 2020, 4 November 2021 and 22 November 2022.

Coal Procurement Framework Agreement and Supplemental Framework Agreement with TBEA

TBEA Group's coal confers a clear advantage in terms of price over its competitors, and their products are of good quality with stable supply. As such, the Group has been procuring coal from TBEA Group. The Company entered into a coal procurement framework agreement with TBEA on 10 November 2020, pursuant to which, TBEA Group shall provide the Company with coal for power generation and heating. The coal procurement framework agreement is for a term from 1 January 2021 to 31 December 2023, which can be renewed after obtaining the consent of both parties. On 13 October 2021, the Company entered into a supplemental coal procurement framework agreement with TBEA, and increased each of the annual caps of the continuing connected transactions for the coal procurement from TBEA Group for 2021 to 2023 to RMB 500 million, RMB 600 million and RMB 750 million, respectively.

For details, please refer to the announcements of the Company dated 10 November 2020, 13 October 2021 and 22 November 2021, the circulars of the Company dated 2 December 2020 and 4 November 2021.

Report of the Board of Directors

Miscellaneous Services Framework Agreement and Supplemental Agreement with TBEA

As TBEA Group's construction quality, construction period, and service capacity for miscellaneous construction services can meet the Group's requirements, and are more able to understand the Group's needs, TBEA Group has been providing relevant miscellaneous construction services to the Group. Therefore, the Company entered into a miscellaneous services framework agreement with TBEA on 10 November 2020, pursuant to which, TBEA Group shall provide the Group with miscellaneous services (such as engineering construction, greening service, installation of water, electricity, gas and heat equipment). The miscellaneous services framework agreement is for a term from 1 January 2021 to 31 December 2023, which can be renewed after obtaining the consent of both parties. On 13 October 2021, the Company entered into a supplemental miscellaneous services framework agreement with TBEA, and increased each of the annual caps of the continuing connected transactions for miscellaneous services procurement from TBEA Group for 2021 to 2023.

The Group implemented the 200,000-ton Polysilicon Project in Zhundong. Pursuant to the design plan of such project, the Group constructed the 220kV substation and 10kV substation (the "**Substations**") by its own funds in 2023 to ensure sufficient power supply for the 200,000-ton Polysilicon Project in Zhundong. Leveraging its extensive experience and competitive price, TBEA Group is likely to win the bid for the provision of miscellaneous services for construction of the Substations. In order to meet the Group's needs for operation and project construction, the Company entered into the Supplemental Miscellaneous Services Framework Agreement (TBEA) with TBEA on 17 October 2022, which was considered and approved at the 2022 second extraordinary general meeting of the Company, and adjusted the annual cap for miscellaneous services from TBEA Group for 2023 from RMB500 million to RMB900 million.

For details, please refer to the announcements of the Company dated 10 November 2020, 13 October 2021, 22 November 2021 and 17 October 2022, the circulars of the Company dated 2 December 2020, 4 November 2021 and 22 November 2022.

Product Sales Framework Agreement and Supplemental Framework Agreement with TBEA

To take full advantage of the economies of scale and bargaining power in raw material procurement of the Group and to make use of the residual production capacity of the Group's chemical raw materials and industrial water, thereby bringing certain benefits to the Group, the Company entered into a product sales framework agreement with TBEA on 10 November 2020, pursuant to which, the Group shall sell industrial raw materials (i.e. silicon metal and liquid alkali) and industrial water to TBEA Group for its daily operation. The product sales framework agreement is for a term from 1 January 2021 to 31 December 2023, which can be renewed after obtaining the consent of both parties. The Company entered into a supplemental product sales framework agreement with TBEA on 13 October 2021, and increased each of the annual caps of the continuing connected transactions for product sales to TBEA Group for 2022 and 2023 to RMB200 million.

For details, please refer to the announcements of the Company dated 10 November 2020, 13 October 2021 and 22 November 2021, the circulars of the Company dated 2 December 2020 and 4 November 2021.

Listing Rules Implications

For the transactions where TBEA provides the Group with products, coal and miscellaneous services and the Group sells products to TBEA (collectively the “**TBEA Transactions**”), the TBEA Transactions shall be treated and aggregated as one transaction pursuant to Rule 14A.81 of the Listing Rules. Accordingly, the annual caps in respect of the TBEA Transactions are aggregated and used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules. Since at least one of the relevant percentage ratios of the TBEA Transactions (as aggregated) contemplated under the framework agreements with TBEA is more than 5%, the transactions contemplated under the framework agreements with TBEA shall be subject to the annual reporting, annual review, announcement, circular and Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The revised overall annual cap (as aggregated) under the framework agreements with TBEA (the “**Revised Overall Annual Cap of TBEA**”) has been approved, and the Company has conducted related transactions with TBEA based on the Revised Overall Annual Cap of TBEA.

- (2) The Company entered into certain framework agreements and supplemental agreements with Xinjiang Tebian

Product Procurement Framework Agreement and Supplemental Agreement with Xinjiang Tebian

In view of the quality of supplied products (such as high-low voltage switch cabinet, control cabinet, power distribution cabinet) and competitive prices offered by Xinjiang Tebian, and the fact that Xinjiang Tebian is a backbone manufacturing enterprise in its industry, as well as the largest manufacturing enterprise of that sector in Xinjiang region, the Group procures products from Xinjiang Tebian Group. The Company entered into a product procurement framework agreement with Xinjiang Tebian on 10 November 2020, pursuant to which, Xinjiang Tebian Group shall provide the Group with equipment and cabinets such as high-low voltage switch cabinet, control cabinet, electricity control cabinet, power distribution cabinet. The product procurement framework agreement is for a term from 1 January 2021 to 31 December 2023, which can be renewed after obtaining the consent of both parties. On 13 October 2021, the Company entered into a supplemental product procurement framework agreement with Xinjiang Tebian Group, and increased each of the annual caps of the continuing connected transactions for products procurement from TBEA Group for 2021 to 2023.

In 2022, the Group implemented the 200,000-ton Polysilicon Project in Zhundong. The Group expects the total transaction amount for procuring switch enclosures, electrical enclosures and other products from Xinjiang Tebian Group to be approximately RMB400 million. In addition, to echo the developmental objective of “carbon emission peak and carbon neutrality”, the Group has further strengthened the construction and operation for wind power and PV power stations since 2022. In order to meet the Group’s needs for production and operation and project construction, the Company entered into the Supplemental Product Procurement Framework Agreement (Xinjiang Tebian) with Xinjiang Tebian on 17 October 2022, which was considered and approved at the 2022 second extraordinary general meeting of the Company, and adjusted the annual caps for products procurement from Xinjiang Tebian Group for 2022 and 2023 from RMB250 million to RMB500 million and RMB600 million, respectively.

Report of the Board of Directors

For details, please refer to the announcements of the Company dated 10 November 2020, 13 October 2021, 22 November 2021 and 17 October 2022, the circulars of the Company dated 2 December 2020, 4 November 2021 and 22 November 2022.

Supplemental Miscellaneous Services Framework Agreement with Xinjiang Tebian

As Xinjiang Tebian is able to provide high quality of civil works infrastructure construction, renovation and installation services and competitive prices, and knows the demands of the Group better, it has been providing miscellaneous construction services to the Group. The Company entered into a miscellaneous services framework agreement with Xinjiang Tebian on 10 November 2020, pursuant to which, the Group shall purchase miscellaneous services (such as engineering labor, installation of electricity and gas equipment) from Xinjiang Tebian Group. The miscellaneous services framework agreement is for a term from 1 January 2021 to 31 December 2023., which can be renewed after obtaining the consent of both parties. On 13 October 2021, the Company entered into a supplemental miscellaneous services framework agreement with Xinjiang Tebian, and increased each of the annual caps of the continuing connected transactions for miscellaneous services from Xinjiang Tebian Group for 2021 to 2023.

In 2022, the Group implemented the 200,000-ton Polysilicon Project in Zhundong. Therefore, in order to meet the Group's needs for production and operation and project construction, the Company entered into the Supplemental Miscellaneous Services Framework Agreement (Xinjiang Tebian) with Xinjiang Tebian on 17 October 2022, which was considered and approved at the 2022 second extraordinary general meeting of the Company, and adjusted the annual caps for miscellaneous services from Xinjiang Tebian Group for 2022 and 2023 from RMB500 million to RMB700 million.

For details, please refer to the announcements of the Company dated 10 November 2020, 13 October 2021, 22 November 2021 and 17 October 2022, the circulars of the Company dated 2 December 2020, 4 November 2021 and 22 November 2022.

Listing Rules Implications

For the transactions where Xinjiang Tebian provides the Group with products and miscellaneous services (collectively the "**Xinjiang Tebian Transactions**"), the Xinjiang Tebian Transactions shall be treated and aggregated as one transaction pursuant to Rule 14A.81 of the Listing Rules. Accordingly, the annual caps in respect of the Xinjiang Tebian Transactions are aggregated and used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules. Since at least one of the relevant percentage ratios for the Xinjiang Tebian Transactions (as aggregated) is more than 5%, the transactions are subject to the annual reporting, annual review, announcement, circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The revised overall annual cap (as aggregated) under the framework agreements with Xinjiang Tebian (the "**Revised Overall Annual Cap of Xinjiang Tebian**") has been approved, and the Company has also conducted related transactions with Xinjiang Tebian based on the Revised Overall Annual Cap of Xinjiang Tebian.

- (3) The Company entered into the financial services framework agreement and the supplemental framework agreement with TBEA Finance

With the continuous business expansion of the Group, it is particularly important to diversify financing channels, reduce finance costs, and improve capital utilization rate. On 10 November 2020, the Company entered into a financial services framework agreement with TBEA Finance for a term from 1 January 2021 to 31 December 2023, pursuant to which, TBEA Finance will provide the Group with deposit services. The Company entered into a supplemental financial services framework agreement with TBEA Finance on 13 October 2021, and increased each of the annual caps (i.e. the daily maximum deposit balance (including accrued interest)) of the deposit services provided by TBEA Finance for 2021 to 2023 to RMB3 billion.

For details, please refer to the announcements of the Company dated 10 November 2020, 13 October 2021 and 22 November 2021, the circulars of the Company dated 2 December 2020 and 4 November 2021.

The deposits placed by the Group with TBEA Finance shall not bear an interest rate that is lower than (i) the benchmark interest rate of the People's Bank of China; (ii) the deposit interest rates offered by other major commercial banks in the PRC; and (iii) the deposit interest rates offered by TBEA Finance to any other member companies of TBEA (excluding the Group) with same credit ratings for comparable deposits for the same term, if applicable.

Listing Rules Implications

As the maximum applicable percentage ratio in respect of the deposit services under the financial services framework agreement exceeds 5%, the deposit services are subject to the reporting, announcement, independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The revised annual cap under the framework agreement with TBEA Finance (the "**Revised Annual Cap of TBEA Finance**") has been approved, and the Company has conducted related transactions with TBEA Finance based on the Revised Annual Cap of TBEA Finance.

Report of the Board of Directors

Information of TBEA

TBEA is a joint stock company incorporated in the PRC on 26 February 1993. As of the Latest Practicable Date, its registered capital is RMB3,788,550,289. TBEA and its close associates (excluding the Group) are mainly engaged in: (i) production and sales of transformers, inductors, wires, cables and other electrical and machinery equipment; (ii) construction and contracting of domestic and international power transmission and transformation projects, hydro and geothermal power projects; (iii) coal mining and sales; and (iv) generation and sales of electricity and heat. As of the Latest Practicable Date, TBEA holds directly and indirectly approximately 64.52% of the total issued share capital of the Company, and thus is the Controlling Shareholder of the Company. Accordingly, TBEA is a connected person of the Company as defined under Chapter 14A of the Listing Rules.

Information of Xinjiang Tebian

Xinjiang Tebian is a company incorporated in the PRC with limited liability on 27 January 2003, with a registered capital of RMB75,000,000 as at the Latest Practicable Date. Xinjiang Tebian is principally engaged in the production and sales of accessories for electrical and mechanical products and transformer and industrial investment. Mr. Zhang Xin is a connected person of the Company by virtue of his position as a Director as defined under Chapter 14A of the Listing Rules. Xinjiang Tebian, being a 30%-controlled company of Mr. Zhang Xin, is a connected person of the Company as defined under Chapter 14A of the Listing Rules.

Information of TBEA Finance

TBEA Finance is a company with limited liability incorporated in the PRC on 29 November 2018, with a registered capital of RMB1,000,000,000 as at the Latest Practicable Date. As a regulated non-bank financial institution approved by the CBIRC, TBEA Finance is principally engaged in absorbing deposits from relevant members, handling loans and financial leasing for such members, inter-bank placement and other businesses approved by the CBIRC. As of the Latest Practicable Date, TBEA directly holds 80% of the equity interest in TBEA Finance. Accordingly, TBEA Finance is a connected person of the Company as defined under Chapter 14A of the Listing Rules.

Confirmation of Independent Non-Executive Directors

The Board proposed and the Shareholders approved the Management Rules on Connected Transaction of Xinte Energy Co., Ltd. (the “**Management Rules on Connected Transaction**”) at the third extraordinary general meeting of the Company on 2 June 2015 to identify, record and monitor the Company’s connected transactions (including continuing connected transactions) to conform to the requirements of the Listing Rules. The Management Rules on Connected Transaction sets out the detailed authorisation criteria for the connected transactions (including continuing connected transactions) and provides that such review and approval by the Company shall comply with the applicable rules and regulations including the Listing Rules and the Articles of Association.

The Audit Committee is responsible for the information gathering on and monitoring of connected transactions, and conducting an evaluation on the fairness of the transaction terms and the pricing terms; it would discuss with the Company’s subsidiaries and business departments to determine the annual caps and execution of the Company’s connected transactions; it shall also report to the Board and the Supervisory Board on the Group’s connected transactions on a quarterly basis. If, based on the monitoring report, it is anticipated that there is a need to revise the annual caps, the Company will comply with the relevant requirements under the Listing Rules to issue an announcement as appropriate, report to the Independent Board Committee and/or seek for independent Shareholders’ approval after the Board’s review and approval (as the case may be).

The Directors (including the independent non-executive Directors) have monitored and supervised the compliance of the connected transactions under Chapter 14A of the Listing Rules in accordance with the Management Rules on Connected Transaction, and the Company’s internal auditors have also provided the information related to each of the above mentioned continuing connected transactions and the finalization of the internal control procedures for the Directors (including the independent non-executive Directors). Under the supervision of the management, the Company has strictly implemented the risk management and internal control procedures in relation to the continuing connected transactions in accordance with the Management Rules on Connected Transaction, and the Company’s internal auditors have also audited the continuing connected transactions above on the same basis. The transaction policy of the existing related-party transaction is effective. The Directors (including the independent non-executive Directors) have also reviewed the relevant information in accordance with the Management Rules on Connected Transaction to ensure that each of the continuing connected transactions above is conducted within the pricing policy or mechanism under the respective framework agreement.

The independent non-executive Directors have taken into consideration the report from executive staff of the risk management and internal control as well as information about continuing connected transactions, and reviewed the continuing connected transactions above, and confirmed that such transactions were:

- (1) conducted in the ordinary and usual course of business of the Group;
- (2) conducted pursuant to normal commercial terms; if the comparable transactions could not be relied on to judge whether the terms of the transactions were normal commercial terms, those terms should not be less favorable to the Group than the terms available to or provided by independent third parties; and
- (3) conducted in accordance with the terms of agreement related to the transactions and the terms were fair, reasonable and in the interests of shareholders of the Company as a whole.

Report of the Board of Directors

Confirmation of Auditor

The Group's external auditor issued its letter containing the findings and conclusions in respect of the above-mentioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

Based on its work, the engaged external auditor of the Company provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transactions:

- a. nothing has come to the auditor's attention that causes the auditors to believe that the disclosed continuing connected transactions have not been approved by the Board.
- b. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- c. nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions.
- d. with respect to the actual transaction amount of each of the continuing connected transactions set out in the annual report, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company and approved by the Shareholders.

The Company has submitted a copy of the letter to the Hong Kong Stock Exchange.

In respect of the abovementioned continuing connected transactions, the Directors had also confirmed the Group's compliance, save as disclosed above, with the disclosure requirements of Chapter 14A of Listing Rules.

BUSINESS REVIEW

In 2022, the Group conscientiously implemented the Electric Power Law of the People's Republic of China (《中華人民共和國電力法》), the Renewable Energy Law of the People's Republic of China (《中華人民共和國可再生能源法》), 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》) issued by the NDRC and the "14th Five-year Plan" for the Renewable Energy Development (《關於可再生能源發展「十四五」規劃》) issued by the NEA. The Group has strictly complied with the relevant laws and regulations.

For the details of the use of financial key performance indicators for business analysis, major risks faced by the Company, major events affecting the Company and the future development of the Company's business, please refer to the Management Discussion and Analysis section. For the discussion of the Company's environmental policy and performance, please refer to the Environmental Policy and Performance section.

ENVIRONMENTAL POLICY AND PERFORMANCE

In compliance with laws and regulations of environmental protection such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and Law of the People's Republic of China on Appraising of Environment Impacts (《中華人民共和國環境影響評價法》), the Group formulated relevant internal system focusing on areas such as management on the emission of waste gas, wastewater and solid residue, site management on the environment, environmental monitoring, and clean manufacturing, evaluation and performance for the purpose of a standardised production environment to ensure the environmental quality, and improved the environmental governance level of the Group with the correct policies and guidelines on an ongoing basis.

The Group has established environmental management systems (ISO14001) and obtained the relevant certifications. The Group has also implemented a comprehensive pollution and environmental protection control system, adopting stringent measures to control the discharge of pollutants during our business operations. In particular, our advanced closed-loop polysilicon production process not only promoted production efficiency but also significantly reduced pollution. The Group has taken various measures to reduce the impact of our polysilicon production on the environment. These measures include monitoring and controlling the solid waste, wastewater, exhaust fumes and noise.

In the business of construction and operation of wind power and PV power plants, the Group placed an emphasis on environmental protection and strove to conduct our R&D activities on an environmental protection basis and use environmental protection technologies and products.

In 2022, the Group did not suffer any material environmental accidents or instances of pollution and we were not subject to any material administrative penalties due to environmental accidents or pollution. As of the Latest Practicable Date, the Group had not been subject to any material administrative penalties or legal action involving non-compliance with any PRC environmental law or regulation.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

The Controlling Shareholder of the Company, TBEA, has undertaken on 16 June 2015 (the “**Non-competition Undertaking**”), that TBEA, its subsidiaries and its associates (except for any members of our Group) will not carry on, engage in, invest in, participate in or attempt to participate in, render any services to, offer any financial support to or otherwise be involved or interested (economically or otherwise) in any business investment activities which compete or are likely to compete, alone or with other persons, directly or indirectly, with our business (the “**Restrained Businesses**”).

The Non-competition Undertaking does not apply to (i) the holding of any equity interests in any members of our Group; and (ii) the holding of securities in a company that is engaged in the Restrained Business and whose securities are listed on any stock exchange, provided that TBEA or its associates do not individually or in aggregate hold or control the voting rights in respect of 10% or more of the issued share capital of such company; such holding of voting rights does not grant TBEA or its close associates any right to control the composition of the board of directors of such company; none of the members of TBEA Group controls the board of directors of such company; and such holding of voting rights does not grant TBEA or its close associates any right to participate, directly or indirectly, in such company.

Report of the Board of Directors

As of the Latest Practicable Date, no decisions are required to be reviewed by our independent non-executive Directors as stipulated by the Non-competition Undertaking relating to exercise or non-exercise of options for new business opportunities, pre-emptive rights and option for purchase which would need to be disclosed in the annual report.

The independent non-executive Directors have reviewed TBEA's compliance with the Non-competition Undertaking. As of the Latest Practicable Date, there was no breach of Non-competition Undertaking by TBEA.

PRE-EMPTIVE RIGHTS AND SHARE OPTION ARRANGEMENTS

During the Reporting Period, pursuant to the PRC laws and requirements of the Articles of Association, the Company has no pre-emptive rights or share options.

EQUITY-LINKED AGREEMENT

The Group has not entered into any equity-linked agreement during the Reporting Period.

PUBLIC FLOAT

Based on the publicly available information to the Group, to the best of the Directors' knowledge, no less than 25% of the shares of the Company in issue are held by the public during the Reporting Period and as of the Latest Practicable Date, which complied with the requirement of the Listing Rules.

Articles of Association

During the Reporting Period, there were no material changes to the Articles of Association. The current effective Articles of Association have been published on the websites of the Stock Exchange and the Company.

MAJOR LEGAL PROCEEDING

During the Reporting Period, the Company was involved in the following major legal proceedings:

In June 2020, Sunoasis filed a lawsuit with the Intermediate People's Court of Huaian (the "**Intermediate People's Court of Huaian**") against Xuyi High Drive Wind Power Co., Ltd.* (盱眙高傳風力發電有限公司) ("**Xuyi High Drive**") and other defendants regarding the construction agreement dispute. In January 2021, the first instance judgment was made, and the main contents of the judgment were as follows: (i) the construction agreement was terminated; (ii) Xuyi High Drive shall pay project payment and liquidated damages for overdue payment of RMB130,488,063.62 to Sunoasis; and (iii) other defendants shall undertake joint liability or joint guarantee liability for the debts as above of Xuyi High Drive, etc.

In March 2021, Sunoasis filed a lawsuit with the Second Intermediate People's Court of Beijing Municipality (the “**Intermediate People's Court of Beijing**”) against Xuyi High Drive for the failure to pay the payables for finance lease as agreed. In April 2021, Sunoasis, Xuyi High Drive and its shareholder Jiangsu High Drive New Energy Co., Ltd. (“**Jiangsu High Drive**”) entered into a settlement agreement.

Sunoasis has applied for enforcement against the above lawsuit. For details, please refer to the Company's announcements dated 22 June 2020, 20 January 2021, 3 March 2021 and 29 April 2021.

On 22 February 2022, Sunoasis received the enforcement judgment (2021) Jing 02 Zhi No. 962 (執行裁定書(2021)京02執962號) from the Intermediate People's Court of Beijing. Due to a debt dispute on other creditor's rights, 100% equity interest in Xuyi High Drive, which has a registered capital of RMB160 million, held by Jiangsu High Drive was auctioned off by the Intermediate People's Court of Beijing in accordance with laws. According to the appraisal from the evaluation agency engaged by the Intermediate People's Court of Beijing, the appraised value of such equity interest amounted to RMB107,819,000, and the starting bid price was RMB75,473,300. Sunoasis participated in the open auction and won the bidding of the 100% equity interest in Xuyi High Drive with the bidding price of RMB75,473,300. Sunoasis, as the pledgee, offset the payment for the auction with the creditor's rights it is entitled to.

As of 31 December 2022, Sunoasis has received a settlement of RMB129 million. Please refer to the announcement of the Company dated 23 February 2022 for the details.

As of the Latest Practicable Date, the above equity interest has been registered for transfer of property rights.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's 2022 annual results and the consolidated financial statements during the Reporting Period prepared in accordance with the CASBE.

FINANCIAL SUMMARY

The summary of the assets, liabilities and operating results of the Group for five years ended 31 December 2022 is set out on pages 12 of this annual report.

Zhang Jianxin

Chairman

Xinjiang, the PRC • 1 March 2023

Report of Supervisory Board

The current session of the Supervisory Board was re-elected upon approval by the 2020 annual general meeting of the Company and the first meeting of the fourth session of the Supervisory Board convened on 16 June 2021, and consists of five Supervisors, two of whom are employee representative supervisors. In 2022, the Supervisory Board of the Company, for the long-term interests of the Company and rights and interests of Shareholders, dutifully supervised the performance of duties by Directors and senior management personnel of the Company in strict accordance with laws such as PRC Company Law, regulations, rules and normative documents, the Articles of Association and Rules of Procedure for Meetings of the Supervisory Board of Xinte Energy Co., Ltd., as well as the Listing Rules of the Hong Kong Stock Exchange. Following is a report of the principal work of the Supervisory Board during the Reporting Period:

I. SUPERVISORY BOARD MEETINGS

During the year, a total of 11 Supervisory Board meetings took place, at which the Supervisory Board meetings have considered and approved matters in relation to, among others, the annual report and results announcement, the report of the Supervisory Board of the Company for the year ended 31 December 2021, the occurrence of non-exempt continuing connected transactions, the retirement of assets and provision for assets impairment, the connected transaction-entering into property sale and purchase agreement, the proposed adoption of Employee Share Ownership Scheme, key financial information for the semi-annual, the first quarter and the third quarter of 2022, the adjustment to the expected caps in respect of the non-exempt continuing connection transactions between the Company and TBEA, TBEA Group in 2022 and 2023 and etc.

All Supervisors attended the above meetings.

II. INDEPENDENT OPINIONS OF THE SUPERVISORY BOARD

The Supervisory Board issues the following opinions in relation to the supervision and inspection work for the year:

1. Compliance with Laws and Regulations in the Course of Company Operations

During the Reporting Period, the Supervisory Board attended all Board meetings and general meetings. The Supervisory Board also supervised and checked the Board and general meeting procedures and proposal discussions, the Board's implementation of decisions made during general meetings, the performance of the Company's senior management personnel, the implementation of various management policies of the Group, and the Group's production and operation condition. The Supervisory Board believes that the Company operated in compliance with required standards, made scientific and lawful decisions, optimized its corporate governance structure, and established a sound internal control mechanism. Directors and senior management of the Company performed their duties with responsibility, integrity and diligence, and strictly implemented the various resolutions and authorization of the general meetings. The Supervisory Board did not find any activities that were not in compliance with the laws and regulations or the Articles of Association, or detrimental to the Company or shareholders' interests.

2. Financial Position of the Group

The Supervisory Board carefully inspected the Group's periodic financial report and proposals related to financial policies during the Reporting Period. The Supervisory Board believes that the Group's financial internal control system was complete and continuously improved and all systems were strictly implemented, and therefore effectively guaranteed the successful functioning of the Group's production and operation. During 2022, the Group's financial position was sound, and financial management was proper. The Group's consolidated financial statements reflected the Group's financial position and operational performance in a complete, objective and truthful manner. SHINEWING issued an unqualified opinion on the Company's 2022 annual audit report.

3. Connected Transactions

During the Reporting Period, the pricing principle of the connected transactions were in accordance with accepted business practices and the relevant policies and regulations, demonstrating the principles of fairness and equality. The Supervisory Board believes that, during 2022 there was no abuse of power that would be detrimental to the interests of the Company or its shareholders, especially medium and minority shareholders.

Chen Qijun

Chairman of the Supervisory Board

Xinjiang, the PRC • 1 March 2023

Corporate Governance Report

The Board of the Company hereby presents to the Shareholders the corporate governance report during the Reporting Period.

1. BOARD OF DIRECTORS

1.1 Composition of the Board

As at Latest Practicable Date, the Board consisted of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

The biographical details of the Directors are set out on pages 34 to 35 of this annual report. There is no relationship (including financial, business, family or other material or relevant relationship) among members of the Board and any other Directors, Supervisors, or chief executives. The structure of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the Shareholders.

The composition of the Board is set out as follows:

Name	Position	Term of office
Mr. Zhang Jianxin	Chairman and executive Director	2021.6–2024.6
Mr. Yin Bo	Executive Director and general manager	2021.6–2024.6
Mr. Xia Jinjing	Executive Director	2021.6–2024.6
Mr. Zhang Xin	Non-executive Director	2021.6–2024.6
Ms. Guo Junxiang	Non-executive Director	2021.6–2024.6
Mr. Huang Hanjie	Non-executive Director	2021.6–2024.6
Mr. Cui Xiang	Independent non-executive Director	2021.6–2024.6
Mr. Chen Weiping	Independent non-executive Director	2021.6–2024.6
Mr. Tam, Kwok Ming Banny	Independent non-executive Director	2021.6–2024.6

Since its listing, the Company has implemented multiple mechanisms to ensure independent views and input are available to the Board, including but not limited to engaging independent third parties to seek independent professional advice to assist the Board of Directors in the performance of duties at the Company's expense. The Company has appointed at least three independent non-executive Directors in accordance with the Listing Rules, which require that the appointed independent non-executive Directors must account for at least one-third of the Board members, and fully comply with Rule 3.10(1) and (2) of the Listing Rules. In order to ensure high independence of the Board, the Board reviews the implementation and effectiveness of relevant independence mechanisms on an annual basis.

1.2 Board Meetings

Pursuant to the Articles of Association, the Board is required to hold at least four meetings each year and such meetings shall be convened by the Chairman. A notice of the Board meeting shall be sent to all Directors at least 14 days prior to the convening of the meeting, to enable them to attend the meeting and incorporate the related matters in the agenda.

In 2022, the Board convened 18 meetings and submitted 65 resolutions to the general meeting. The attendance of the Directors at Board meetings is as follows:

Name	Number of meetings required to be attended	Number of meetings attended	Number of meetings attended by proxy
Mr. Zhang Jianxin	18	18	0
Mr. Yin Bo	18	18	0
Mr. Xia Jinjing	18	18	0
Mr. Zhang Xin	18	18	0
Ms. Guo Junxiang	18	18	0
Mr. Huang Hanjie	18	18	0
Mr. Cui Xiang	18	18	0
Mr. Chen Weiping	18	18	0
Mr. Tam, Kwok Ming Banny	18	18	0

1.3 Duties and Powers Exercised by the Board of Directors and Management

The Board of Directors has the following, among others, duties and powers according to the Articles of Association:

- convening general meetings and presenting reports thereto;
- implementing the resolutions made at the general meetings;
- determining the Company's business and investment plans;
- working out the Company's annual financial budget plans and final account plans;
- working out the Company's profit distribution plans and loss recovery plans;
- working out the Company's plans on the increase or reduction of registered capital, as well as on the issuance of shares, bonds or other securities and listing plans;
- formulating proposals for material acquisitions, purchase of shares of the Company, merger, split-up, dissolution and change of the nature of the Company;

Corporate Governance Report

- deciding on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc. of the Company within the scope authorised by the general meeting;
- deciding on the establishment of the Company's internal management departments;
- appointing or dismissing the general manager and secretary to the Board of the Company; appointing or dismissing the secretary to the Board, deputy general manager, chief accountant and other senior management personnel according to the nomination of Chairman of the Board and the general manager, respectively, as well as deciding on their remuneration and incentives;
- formulating the Company's basic management system;
- formulating the plan for modification of the Articles of Association;
- proposing the employment or replacement of the accounting firm which audits the Company's accounts to the general meeting;
- hearing the work reports of managers of the Company and check the general manager's work;
- reviewing any major transaction, very substantial disposal, very substantial acquisition and reverse takeover transaction of the Company under the Listing Rules, and presenting the same to the general meeting for approval;
- approving any notifiable transaction of the Company under the Listing Rules except for those major transactions, very substantial disposal, very substantial acquisitions and reverse takeover transaction;
- approving the connected transactions exempted from the approval at the general meeting or announcement under the Listing Rules;
- reviewing the connected transactions requiring the approval at the general meeting under the Listing Rules;
- other duties and powers stipulated by laws, regulations and the listing rules of the stock exchange where the Company's shares are listed and conferred by the general meeting and the Articles of Association.

The Board of Directors is also responsible for the followings: formulating, reviewing and improving the corporate governance system and condition of the Company; reviewing and supervising the training and continuing professional development of Directors and senior management personnel; reviewing and supervising the Company's policies pursuant to and the compliance with laws and relevant regulations of the securities regulatory authority where the Shares are listed and making relevant disclosure; formulating, reviewing and supervising the code of conduct and relevant compliance manual of the Company's employees and Directors.

The Company's management comprises general manager, deputy general manager, chief accountant, the secretary to the Board, chief mechanical engineer and safety director. The general manager is accountable to the Board and mainly exercises the following duties and powers:

- to take charge of the production operations and management tasks of the Company and organise the implementation of the Board's resolutions, and to report his/her work to the Board;
- to organise the implementation of the Company's annual operating plan and investment plan;
- to devise the set-up of the Company's internal management structure;
- to formulate the basic management system of the Company;
- to formulate the specific rules of the Company;
- to propose the appointment or dismissal of the deputy general manager, chief accountant, chief mechanical engineer, safety director and other senior management personnel;
- to decide on the appointment or dismissal of management personnel, apart from those requiring the approval from the Board for their appointment or dismissal;
- to sign documents related to the operation of the Company as the legal representative of the Company;
- other duties and powers as conferred by the Articles of Association or the Board.

1.4 Chairman and General Manager

The positions of the Chairman and the general manager (i.e., the chief executive officer under the relevant provisions of the Listing Rules) of the Company are held by different persons in order to ensure independence and accountability of their respective functions and balanced distribution of power and authority between them. Mr. Zhang Jianxin and Mr. Yin Bo served as the Chairman and the general manager respectively, the division of responsibilities were established and set out in the Articles of Association.

1.5 Appointment and Re-election of Directors

Pursuant to the Articles of Association, Directors shall be elected at general meetings with a term of no more than three years, subject to re-election. The Company has implemented a set of effective procedures for appointment of new Directors. Nomination of new Directors shall be first considered by the Nomination Committee whose recommendations will then be put forward to the Board for consideration. All newly nominated Directors are subject to election and approval at general meetings.

The Company has entered into service contracts with each of the Directors (including non-executive Directors) for a term of three years.

Corporate Governance Report

The appointment of a new Director is made on the recommendation of the Nomination Committee and the Board, and approved by the Shareholders at a general meeting of the Company. Any Director who has been nominated by the Nomination Committee and appointed by the Board to fill a casual vacancy or as addition to the Board shall hold office from the date of his/her appointment till the expiry of the term of the current session of the Board.

1.6 Directors' Remuneration

During the Reporting Period, the Company paid allowance to each independent non-executive Director (RMB200,000/year before tax, paid on a quarterly basis, individual income tax shall be withheld by the Company). The Company paid allowance to each Director (other than independent non-executive Directors) (RMB160,000/year before tax, paid on a quarterly basis, individual income tax shall be withheld by the Company). For the Directors holding other positions in the Company, the Company also pays them remuneration based on their duties and performance.

For the details of remuneration of Directors, Supervisors and senior management of the Company, please refer to the section headed "Directors, Supervisors and Senior Management's Remuneration" of Report of the Board of Directors in this annual report.

1.7 Training of Directors

All Directors participated in continuous professional development training in 2022 to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant. Details of their training during 2022 are set out as below:

Name	Position	Training hours	Areas covered in the training
Mr. Zhang Jianxin	Chairman and executive Director	No less than 60 hours	Corporate governance and relevant regulations, corporate management, strategy planning, new energy industry research, macro economy, human resources, electrical engineering, etc.
Mr. Yin Bo	Executive Director and general manager	No less than 60 hours	Corporate governance and relevant regulations, corporate management, strategy planning, new energy industry research, human resources, chemical engineering, etc.



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Name	Position	Training hours	Areas covered in the training
Mr. Xia Jinjing	Executive Director	No less than 60 hours	Corporate governance and relevant regulations, corporate management, strategy planning, new energy industry re-search, macro economy, human resources, electrical engineering, chemical engineering, etc.
Mr. Zhang Xin	Non-executive Director	No less than 60 hours	Corporate governance and relevant regulations, corporate management, strategy planning, new energy industry research, macro economy, electrical engineering, etc.
Ms. Guo Junxiang	Non-executive Director	No less than 60 hours	Corporate governance and relevant regulations, information disclosure, corporate governance, finance, corporate management, capital operation, etc.
Mr. Huang Hanjie	Non-executive Director	No less than 60 hours	Corporate governance and relevant regulations, strategy planning, new energy industry research, macro economy, finance, tax, etc.
Mr. Cui Xiang	Independent non-executive Director	No less than 70 hours	Corporate governance and relevant regulations, strategy planning, new energy industry research, electrical engineering, etc.
Mr. Chen Weiping	Independent non-executive Director	No less than 75 hours	Corporate governance and relevant regulations, corporate management, strategy planning, new energy industry research, macro economy, chemical engineering, etc.
Mr. Tam, Kwok Ming Banny	Independent non-executive Director	No less than 40 hours	Corporate governance and relevant regulations, finance, tax, etc.

Corporate Governance Report

1.8 Corporate Governance Functions

The corporate governance functions were performed by the Board. The corporate governance functions include developing and reviewing the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements; overseeing the Company's orientation program for new Directors; reviewing and monitoring the training and continuous professional development of Directors and senior management personnel; developing, reviewing and monitoring the code of conduct applicable to employees and Directors and compliance manual; and reviewing the Company's disclosure in the Corporate Governance Report. In 2022, the Board has reviewed the Company's corporate governance policies and regular training matters and reviewed the Corporate Governance Report in the Annual Report 2022.

The Board has developed the corporate governance policy of the Company and has fulfilled its duties. Meanwhile, it has developed and reviewed the Company's policies and practices on corporate governance and made recommendations to the Board, and reviewed and confirmed the following matters:

- compliance with the CG Code and the disclosure in the Corporate Governance Report;
- the Company has complied with the policies and practices on legal and regulatory requirements;
- the code of conduct applicable to employees and Directors of the Company has been implemented;
- the Directors, Supervisors and senior management of the Company have participated in training and continuous professional development.

2. BOARD COMMITTEES

There are four Board committees, namely the Audit Committee, Remuneration and Assessment Committee, Nomination Committee and Strategy Committee.

2.1 Audit Committee

The Audit Committee consists of five Directors, including three independent non-executive Directors, namely, Mr. Tam, Kwok Ming Banny, Mr. Cui Xiang, Mr. Chen Weiping and two non-executive Directors, namely, Ms. Guo Junxiang and Mr. Huang Hanjie, with Mr. Tam, Kwok Ming Banny as the chairman of the Committee.

The Audit Committee is mainly responsible for the communication, supervision and review of internal and external audits of the Company, including:

1. to make suggestions to the Board for the appointment, re-appointment and change of external auditors, handle issues relating to the resignation or removal of such external auditors and make suggestions for the appointment contracts and audit fees of the relevant external auditors; to evaluate the work of external auditors, and supervise the independence and objectivity of the external auditors, as well as their effectiveness, quality and results of work procedures;
2. to supervise the internal audit system of the Company and its implementation;
3. to guide and evaluate the work of the internal auditing department of the Company, and to make suggestions as to the appointment and removal of the head of the internal auditing department;
4. to review the financial information of the Company and its disclosure;
5. to review and supervise the effective implementation of the financial reporting system, internal control system and risk management system of the Company;
6. to inspect and discuss the following arrangements made by the Company: the whistleblower system for employees of the Company to report on any potential misconducts in relation to financial reporting, internal control or other aspects; to ensure that the Company has put in place appropriate measures to carry out fair and independent investigations and follow-up actions in regard to such matters; to serve as the major channel between the Company and the external auditors and to supervise their relationship;
7. to audit and supervise connected transactions and evaluate their appropriateness;
8. other duties and powers as conferred by the Board;
9. to review routine matters in relation to risks as presented by the management and internal review team, including but not limited to the Company's corporate risk management structure, evaluation of internal control system, appendix to the global risk appetite framework, risk tolerance level and latest information on risks in the market; and
10. to review the adequacy of resources, staff qualifications and experience, training programme and budget of the Company's risk and compliance department.

Corporate Governance Report

The Audit Committee held ten meetings during the Reporting Period, at which the Audit Committee considered and approved matters in relation to, among others, the Group's final financial report of 2021, annual report of 2021, the retirement of assets and provision for assets impairment, the connected transaction-entering into property sale and purchase agreement, key financial information for the semi-annual, the first quarter and the third quarter of 2022, the adjustment to the expected caps in respect of the non-exempt continuing connection transactions between the Company and TBEA, TBEA Group in 2021 and 2023, etc. The Audit Committee regularly met the risk monitoring team on an annual basis in accordance with its terms of reference without the presence of the management.

2.2 Remuneration and Assessment Committee

The Remuneration and Assessment Committee consists of five Directors, including three independent non-executive Directors, namely Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Benny, and two executive Directors, namely Mr. Zhang Jianxin and Mr. Yin Bo, with Mr. Cui Xiang as the chairman of the Committee.

The Company has adopted the model as proposed to the Board by the Remuneration and Assessment Committee in determining the remuneration packages of Directors, Supervisors and senior management.

The main duties of the Remuneration and Assessment Committee are to formulate the appraisal standards of Directors and managers of the Company, and to conduct appraisals, develop and review the remuneration policies and schemes of the Directors and managers of the Company. Details are as follows:

1. making suggestions to the Board in relation to the appraisal standards, general remuneration policies and structure of the Company's Directors and senior management, and formulating such remuneration policies for the purpose of establishing a formal and transparent mechanism, making recommendations to the Board, reviewing the performance appraisal standards of Directors and senior management, and conducting appraisals and giving suggestions;
2. reviewing and approving the proposed remuneration of the management according to corporate operating objectives, and making recommendations to the Board in relation to specific remuneration packages for Directors and senior management, including performance-based remuneration schemes. The Remuneration and Assessment Committee shall consider factors including the remuneration paid by comparable companies, time commitments and duties of the Directors, employment conditions of other positions of the Company, and whether the remuneration shall be determined based on results performance;
3. conducting appraisals on the performance of Directors and senior management based on the appraisal scheme, and deciding on their remuneration, rewards and punishments;
4. recommending to the Board on the remuneration packages of individual executive Directors and senior management, which include non-monetary benefits, pensions and compensation payments (including any compensation for their loss or termination of offices or appointments);

5. recommending to the Board on the remuneration of non-executive Directors, consulting with the general manager on the remuneration of other executive Directors and making recommendations with reference to the Company's remuneration system;
6. recommending to the Board on relevant compensation paid to executive Directors and senior management for their loss or termination of offices or appointments, and the compensation arrangements regarding the removal or dismissal of Directors due to their misconduct (and to ensure that the arrangements conform to the terms of service contracts between such Directors and the Company, or otherwise, the compensation shall be reasonable and appropriate);
7. ensuring that none of the Directors participates in determining his/her own remuneration;
8. being responsible for monitoring and supervising the implementation of the Company's remuneration system;
9. reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
10. other duties and powers as conferred by the Board.

The Remuneration and Assessment Committee held three meetings during the Reporting Period. The Remuneration and Assessment Committee considered and approved the Company's Employee Share Ownership Scheme, the allowance plan for the Directors and Supervisors of the Company for 2022, the remuneration standard for the senior management for 2022 and the amendment to the Rules of Procedure of the Remuneration and Assessment Committee of the Board.

In particular, the Remuneration and Assessment Committee considers that the Employee Share Ownership Scheme has improved and perfected the governance structure of the Company, established an effective incentive and restraint mechanism, attracted and retained talents, improved the Company's middle and senior management and key employees' sense of responsibility and mission to achieve the sustainable and healthy development, and to effectively combine the interests of Shareholders, the Company and the employees' interests, which is beneficial and in the interest of the Company and the Shareholders as a whole.

2.3 Nomination Committee

The Nomination Committee consists of five Directors, including three independent non-executive Directors, namely Mr. Chen Weiping, Mr. Cui Xiang and Mr. Tam, Kwok Ming Banny, an executive Director Mr. Xia Jinjing, and a non-executive Director Mr. Zhang Xin, with Mr. Chen Weiping as the chairman of the Committee.

The main duties of the Nomination Committee are to identify and make recommendations on candidates, selection criterias and selection process in the selection of Directors and management officers of the Company. Details are as follows:

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1. reviewing at least once a year the number, composition and organizational structure of the Board (including the age, cultural, professional knowledge, talents, skills, regional and industry experience, education background, gender, length of service and diversification of the Board members), and advising on personnel changes of the Board so as to strengthen the Company's development strategy;
2. considering the criterias and procedures for selecting Directors and senior management personnel and making recommendations thereon to the Board; developing or revising the Board Diversity Policy and focusing on developing board diversity in the member selection process. Factors to consider include but are not limited to gender, age, culture, perspectives, education background and work experience;
3. identifying qualified candidates as Directors and providing advice to the Board on the nominated candidates after due consideration on the Company's Board Diversity Policy, requirements for serving as a Director of the Company under the Articles of Association, Listing Rules and applicable laws and regulations, and the potential contributions that the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
4. assessing the independence of independent non-executive Directors with reference to the factors set out in Rule 3.13 and Appendix 14 of the Listing Rules and any other factors deemed appropriate by the Nomination Committee or the Board; and assessing the ability to devote sufficient time to Board matters of a proposed independent non-executive Director when he/she will be holding his/her seventh (or more) directorship in listed company;
5. reviewing the particulars of the candidates for senior management personnel of the Company and making recommendations thereon;
6. providing advice on the appointment, re-appointment and succession plan of Directors to the Board, especially on the positions of chairman of the Board and senior management personnel;
7. evaluating on the structures of committees under the Board, recommending the Board members to serve as members of relevant committees, and submitting the recommendations to the Board for approval;
8. establishing the plan for reserving potential Directors and making updates from time to time;
9. evaluating the work of Directors and providing advice or recommendations on the replacement of Directors based on the evaluation results;
10. reviewing the implementation and effectiveness of the Nomination Policy (as defined below), procedures and criterias for the nomination and the Board Diversity Policy regularly;
11. considering the succession plan of the Board members, and conducting regular reviews thereon; and
12. dealing with other matters as authorized by the Board.

The review process and criteria on candidates for directorship include: (1) collecting or requiring relevant departments of the Company to collect the information on the occupation, educational background, title, detailed working experience and all part-time jobs of the candidates, and preparing an outline of written materials; (2) convening meetings of the Nomination Committee to review whether the candidates' qualifications meet the requirements of directors of the Company, make suggestions and recommend appointments by way of proposals; and (3) carrying out other related work arrangements in accordance with the decisions of and feedback from the Board.

The relevant departments of the Company are responsible to cooperate with the Nomination Committee to carry out its work and provide relevant materials. The Nomination Committee shall be provided with sufficient resources to discharge its duties. The Nomination Committee shall be accountable to the Board. The recommendations provided by the Nomination Committee shall be submitted to the Board for consideration and approval. The Board shall be ultimately responsible for all matters in relation to the selection and appointment of the Directors.

Nomination Policy

The main duties of the Nomination Committee set out in 1 to 4 above are regarded as the key nomination criterias and principles of the Company for the nomination of Directors, and these provisions constitute the nomination policy of the Company (the “**Nomination Policy**”). The objective of the Nomination Policy is to ensure the members of the Board possess the skills, experiences, and multiple perspectives required for the business of the Company. The Nomination Committee considered that the composition of the Board of the Company was in compliance with the requirement of the Board Diversity Policy during the Reporting Period.

The Nomination Committee held one meeting during the Reporting Period, which considered and approved the structure, size and composition of the Board, the independence of the independent non-executive Directors, and reviewed the qualifications for appointment of the proposed deputy general manager.

Diversity Policy of Board Members

Pursuant to the CG Code of Appendix 14 to the Listing Rules, the Company has adopted the Board Diversity Policy.

In order to achieve a sustainable and balanced development, the Company views the increasing diversity of its Board as a key factor in supporting its strategic targets and maintaining the sustainable development. The Company will consider and diversify its Board membership in various ways when setting the composition of the Board, and all appointments will continue to be made on the basis of the advantages and merits of the candidates, including but not limited to their gender, age, cultural and educational background, ethnicity, professional experience, skill, knowledge and tenure of service, to ensure that the Board has a balance of skills, experiences and diverse perspectives appropriate to the Company's business needs. All Board appointments will be based on meritocracy, and the candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. The Company understands and believes in the benefits of a diverse Board.

Corporate Governance Report

As of the Latest Practicable Date, being reviewed by the Nomination Committee, the Board is in compliance with the Board Diversity Policy, and the current composition of the Board (including gender) has achieved diversity, and the Board includes members with different professional backgrounds, skills, ages and genders, which effectively facilitates the Company's scientific decision-making on major issues. The diversified composition of the fourth session of the Board is as follows:

No.	Name	Position	Age	Gender	Education and areas of expertise	Commencement time of directorship
1	Zhang Jianxin	Executive Director (Chairman)	50 years old	Male	PhD degree holder and an economist of economic management, specializing in corporate strategy, business management and PV industry research fields	February 2008
2	Yin Bo	Executive Director and general manager	44 years old	Male	Master degree holder and a chief senior engineer with a major in chemical engineering, specializing in business management, polysilicon and other new materials research fields	June 2015
3	Xia Jinjing	Executive Director and deputy general manager	42 years old	Male	Master degree holder and a chief senior engineer with a major in chemical engineering, specializing in business management, polysilicon and new energy fields	June 2018
4	Zhang Xin	Non-executive Director	61 years old	Male	Associate degree holder and an electrical engineer as well as a senior engineer of machinery and electronics, specializing in corporate strategy, business management and machinery manufacturing fields	February 2008
5	Huang Hanjie	Non-executive Director	44 years old	Male	Master degree holder and a senior accountant, specializing in business management, financial accounting, financial management and other fields	June 2021
6	Guo Junxiang	Non-executive Director	52 years old	Female	Bachelor degree holder and a senior economist in industrial economics, specializing in capital operation, corporate governance and standardized operation and information disclosure fields	February 2008
7	Cui Xiang	Independent non-executive Director	62 years old	Male	PhD degree and professor title holder, specializing in electrical engineering, semiconductor optoelectronic materials research and other fields	June 2021
8	Chen Weiping	Independent non-executive Director	66 years old	Male	Bachelor degree holder and a professor-level senior engineer, specializing in chemical engineering design, technology development and other fields	June 2021
9	Tam, Kwok Ming Banny	Independent non-executive Director	60 years old	Male	Holder of advanced degree in accounting from The Hong Kong Polytechnic University and a Chartered Certified Accountant in the United Kingdom, a Certified Public Accountant and a Practising Certified Public Accountant in Hong Kong, specializing in auditing, financial accounting, financial management, tax planning and other fields	June 2021

The Company discloses the composition of the Board in the Corporate Governance Report on an annual basis and oversees the enforcement of the Board Diversity Policy. The Nomination Committee reviews the Policy each year to ensure its effectiveness. Any necessary revisions are discussed by the Nomination Committee and proposed to the Board for approval.

2.4 Strategy Committee

The Strategy Committee consists of five Directors, including two independent non-executive Directors, namely Mr. Cui Xiang and Mr. Chen Weiping, executive Directors Mr. Zhang Jianxin, Mr. Yin Bo and a non-executive Director Mr. Zhang Xin, with Mr. Zhang Jianxin as the chairman of the Committee.

The main duties of the Strategy Committee are to review the Company's long-term development strategy and major investment decisions and to make recommendations thereon. Details are as follows:

1. reviewing the Company's long-term development strategic plans and making recommendations;
2. reviewing major investment and financing programs which require the approval of the Board as stated in the Articles of Association and making recommendations;
3. reviewing major capital operations and assets management projects which require the approval of the Board as stated in the Articles of Association and making recommendations;
4. reviewing other significant matters which may affect the Company's development and making recommendations;

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5. inspecting the implementation of the above matters; and
6. other duties and powers as conferred by the Board.

The Strategy Committee held one meeting during the Reporting Period, which considered and approved the plan for the initial public offering and listing of RMB ordinary shares (A shares) of the Company.

2.5 Attendance of the Directors at the Board Committee Meetings is as follows:

Name of Director	Meetings Attended/Held			
	Audit Committee	Remuneration and Assessment Committee	Nomination Committee	Strategy Committee
Zhang Jianxin	N/A	3/3	N/A	1/1
Yin Bo	N/A	3/3	N/A	1/1
Xia Jinjing	N/A	N/A	1/1	N/A
Zhang Xin	N/A	N/A	1/1	1/1
Guo Junxiang	10/10	N/A	N/A	N/A
Huang Hanjie	10/10	N/A	N/A	N/A
Cui Xiang	10/10	3/3	1/1	1/1
Chen Weiping	10/10	3/3	1/1	1/1
Tam, Kwok Ming Banny	10/10	3/3	1/1	N/A

3. INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors of the Company meets the independence guidelines set out in Rule 3.13 of the Listing Rules and has provided the Company with the requisite annual confirmation as to his independence. None of the independent non-executive Directors of the Company has any business with or significant financial interests in the Company or its subsidiaries and therefore all the independent non-executive Directors continue to be considered by the Company to be independent as required by the Listing Rules.

4. DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Each of the Directors acknowledges its responsibility for preparing the consolidated financial statements of the Group during the Reporting Period.

The Board is responsible for presenting a clear and specific assessment of annual and interim reports, share price sensitive information and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment and give approval of the financial information and position of the Group.

There are no material uncertainties relating to events or conditions that may cast material doubts on the Group's ability to continue as a going concern.

In addition, the Company has arranged appropriate insurance coverage in respect of possible legal actions and liabilities against the Directors.

5. COMPLIANCE WITH THE MODEL CODE ON SECURITIES TRANSACTIONS

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

The Board will examine the corporate governance practices and operation of the Company from time to time in order to ensure compliance with relevant requirements under the Listing Rules and to protect Shareholders' interests.

6. RISK MANAGEMENT AND INTERNAL CONTROL

The Group has built a strict, standardized, comprehensive and effective internal control system, with risk management as the guidance. Through "strong executive and strict accountability" and strengthened information management, the Group formulated rules and regulations including the "Internal Audit Management System", "Disciplinary Violations Management System", "Integrity Code" in accordance with relevant laws and regulations and the requirements of the Articles of Association for strictly implementation, embedded risk management requirements into business processes to promote the enterprise to carry out operating activities in accordance with the laws and regulations, and realized the management and control objectives of "strengthen internal control, prevent risks and promote compliance", formed a comprehensive risk prevention and control mechanism involving all members, covering the entire process and system. The Supervisory Board, the Audit Committee, and the audit and supervision department of the Company carries out the internal audit function, to effectively safeguard the effectiveness of the internal control system and facilitate the stable operation of the enterprise.

Internal control review

During the Reporting Period, the Company carried out the annual review of internal control covering the Reporting Period for the improvement of systems, standardization of process and prevention of risks in accordance with the requirements of the enterprise internal control standard system, integrating the internal control system and evaluation methods, with a view to strengthening the execution of internal control through review, improving the internal control system, ensuring legal compliance of operation and management, assets safety, the truthfulness and completeness of financial reports and related information, enhancing the operating efficiency and effectiveness, and facilitating the realization of development strategies. The total assets of the main entities included in the review scope accounted

Corporate Governance Report

for 97.09% of the total assets in the consolidated financial statements, and the total operating revenue accounted for 96.17% of the total revenue in the consolidated financial statements, covering the Group's important business matters and high-risk areas. The audits covered key risks in operation such as bidding management, financial management, asset management, bill management, inventory management, accounts receivable management, cost management, quality management, supplier management, engineering project management, safety management and connected transaction management, which provided full coverage of businesses with key risks.

Treatment procedures of deficiencies in internal control

According to the requirements of the enterprise internal control standard system for the identification of major defects, important defects and general defects, combined with the company's scale, industry characteristics, risk appetite and risk tolerance and other factors, the Company distinguishes between internal control over financial reporting and internal control over non-financial reporting, and studies and determines the specific identification standards for internal control defects applicable to the Company, which are consistent with previous years. The standards have been approved by the Board. After audit and inspection, the audit and supervision department of the Company will prepare a work report on the deficiencies and abnormalities, improvement suggestions and progress of treatment in respect of internal control, which will then be submitted to the Chairman and the management. The management of the Company proposed rectification measures and implemented rectification plans, and the Audit and Supervision Department continued to supervise the rectification situation; the audit and supervision department shall immediately report to the Audit Committee when it discovers material deficiencies or abnormalities in internal control of the Company, and the Board shall give practical solutions.

Review results on internal control

Having reviewed the effectiveness of the Company's risk management and internal control system during the Reporting Period, the Board is of the opinion that the Company's risk management and internal control system has been operating effectively and is adequate as of 31 December 2022, and that there are no material deficiencies with respect to the internal control. According to the requirements of the enterprise internal control standard system, regarding the general defects found during the Reporting Period, the Company has taken corresponding rectification measures to continuously improve its internal controls.

Internal controls have inherent limitations, the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and any monitoring system can only provide reasonable assurances rather than absolute guarantees. Despite that, the Board is responsible for the risk management and internal control systems and the Board and management of the Company undertake to continuously improve the risk management and internal control system of the Company.

7. AUDITOR AND ITS REMUNERATION

In view of the adoption of the CASBE for the preparation of the financial statements and disclosure of corresponding financial information from 2021, the Company has replaced its auditor from PricewaterhouseCoopers ("PwC") to SHINEWING, which was considered and approved at the 2021 third extraordinary general meeting of the Company held on 22 November 2021. For details, please refer to the announcements of the Company dated 22 October 2021 and 22 November 2021 and the circular dated 4 November 2021.

During the Reporting Period, SHINEWING was appointed as the auditor to perform auditing of the consolidated financial statements of the Company in 2022 prepared in accordance with the CASBE, and has reviewed the accompanying consolidated financial statements. Save as disclosed above, there has been no other change of auditors of the Company during the last three years (including the Reporting Period).

In 2022, SHINEWING provided the Company with annual audit service at a fee of RM3.30 million in 2022, and no fee was charged for any non-audit service. In addition, to proceed the Proposed A Share Offering and related work of the Company, SHINEWING provided the Company with audit services in relation to the Proposed A Share Offering, and the Company paid a fee of RMB10.43 million during the Reporting Period.

8. GENERAL MEETINGS

During the Reporting Period, the Company held three general meetings, with some of the Directors, Supervisors and senior management attending the general meetings. The records of attendance of the Directors are as follows:

Name	Number of meetings required to be attended	Number of meetings attended
Mr. Zhang Jianxin	3	3
Mr. Yin Bo	3	3
Mr. Xia Jinjing	3	3
Mr. Zhang Xin	3	2 ⁽¹⁾
Ms. Guo Junxiang	3	3
Mr. Huang Hanjie	3	3
Mr. Cui Xiang	3	3
Mr. Chen Weiping	3	3
Mr. Tam, Kwok Ming Benny	3	3

⁽¹⁾ Mr. Zhang Xin was unable to attend the second extraordinary general meeting of the Company in 2022 due to his other business commitments.

9. COMMUNICATION WITH SHAREHOLDERS

9.1 Shareholders' Rights

The Board is committed to maintaining an on-going dialogue with Shareholders and makes timely disclosure to Shareholders and investors as to the significant development of the Company. The general meetings of the Company provide a forum for communication between Shareholders and the Board. Twenty business days prior written notice for convening an annual general meeting shall be served to notify shareholders, and ten business days or fifteen days (whichever is the longer) prior written notice for convening an extraordinary general meeting shall be served to notify shareholders.

Corporate Governance Report

Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board to convene an extraordinary general meeting and shall submit such request in writing to the Board. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association of the Company, provide written feedback on whether it agrees or disagrees to convene an extraordinary general meeting within 10 days after receiving the request.

If no notice of convening a general meeting was issued within 30 days after the Board of Directors received the above mentioned written request(s), the Shareholders making the request(s) can convene a meeting by themselves within four months after the Board of Directors received the above mentioned written request(s), and the procedures for convening such meeting shall follow the procedures of the general meeting convened by the Board of Directors as much as possible.

All reasonable expenses incurred for such meeting convened by the Shareholders as a result of the failure of the Board of Directors to convene a meeting as required by the above request(s) shall be borne by the Company and be set off against sums owed by the Company to the defaulting Directors.

Two or more Shareholders who jointly hold more than 10% (including 10%) of voting Shares of the Company may request the Board in writing in one or more duplicates, to convene an extraordinary general meeting or a Shareholders' class meeting, with the matters to be considered at the meeting stated in the request. The Board shall as soon as possible after receipt of the written request proceed to convene an extraordinary general meeting or a Shareholders' class meeting. The calculation of the above mentioned shareholdings shall be based on the information as at the date of deposit of the request.

The Company holds the general meetings. Shareholder(s) individually or in aggregate holding over 3% of the Shares in the Company may propose extraordinary proposals and submit the same in writing to the convener 10 days prior to the holding of the general meeting. The convener shall issue a supplemental notice of the general meeting within 2 days of the receipt of the proposals and announce the contents of the extraordinary proposals.

9.2 Shareholders' Enquiries and Communication

The Company has a shareholder communications policy in place, which is summarised as follows:

The Company publishes its announcements, financial information and other relevant information on the website of the Stock Exchange and the website of the Company at www.xinteenergy.com, as a channel to enhance effective communication. Shareholders are welcomed to make enquiries to the Company by sending the enquiries to the principal place of business of the Company in Hong Kong, or via phone, fax or email. The Company will respond to all enquiries in a timely and appropriate manner.

Information about the principal place of business in Hong Kong of the Company and investors' means of enquiries and communication is set out on page 3 of this annual report.

The Board welcomes Shareholders' views and encourages them to attend general meetings to communicate and raise any concerns they might have with the Board or the management. The Chairman of the Board and the chairmen of the respective Board committees usually attend the annual general meeting and other general meetings to address shareholders' queries.

During the Reporting Period, the Company has reviewed the implementation and effectiveness of shareholder communications policy.

10.COMPLIANCE WITH THE CORPORATE GOVERNANCE CODES

As a company listed on the Stock Exchange, the Company is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. During the Reporting Period, the Company 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 Group will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

11.INVESTOR RELATIONS

11.1 Investor Relations Activities

The Company focuses on the maintenance of sound investors relations and maintains effective communication with investors through various means. During the Reporting Period, the Company communicated with investors and analysts in relation to the operating results and business development trends of the Group by way of telephone conferences and on-site investigation and research to strengthen communication with investors and facilitate the understanding of the Company by investors. The Company also maintains sound communication with investors through acceptance of investors' investigation and research, attending major investment forums, receiving telephone calls and emails, etc. and proactively provides investor relations information on the Company's website, with a view to establishing and maintaining a good relationship with investors.

11.2 Information Disclosure

The Company is committed to timely and fairly disclosures of comprehensive and accurate information to investors. In the year of 2022, the Company has published 67 announcements on the website of Hong Kong Stock Exchange, including the Proposed A Share Offering and related matters, the retirement of assets and provision for assets impairment, entering into the strategic cooperation sale and purchase agreement, the connected transaction-entering into property sale and purchase agreement, the proposed adoption of Employee Share Ownership Scheme, and further revision of annual caps for existing continuing connected transactions, etc.

12. JOINT COMPANY SECRETARIES

Ms. Zhang Juan (“**Ms. Zhang**”), the joint company secretary of the Company, is responsible for advising the Board regarding corporate governance issues, and ensures to comply with the policies and procedures of the Board, applicable laws, rules and regulations. In order to maintain good corporate governance and make sure to comply with the Listing Rules and applicable laws of Hong Kong, the Company also appointed Ms. Chan Yin Wah (“**Ms. Chan**”), an associate director of SWCS Corporate Services Group (Hong Kong) Limited (a professional corporate service provider), as the joint company secretary of the Company, who assisted Ms. Zhang in performing her duties as the company secretary of the Company. Ms. Chan was appointed by the Board as the joint company secretary of the Company on 7 March 2022 to succeed Ms. Ng Wing Shan, who resigned as the joint company secretary of the Company on 7 March 2022. Ms. Zhang was the primary corporate contact person between the Company and Ms. Chan.

During the Reporting Period, in order to perform duties more effectively and in accordance with the requirements of the Listing Rules, each of Ms. Zhang and Ms. Chan, the joint company secretaries of the Company, received professional training of not less than 15 hours and reported the work to the Chairman of the Board.

13. HUMAN RESOURCES

13.1 Description of Human Resources

As of 31 December 2022, the Group has a total of 8,128 employees, and their professional and educational background are as follows:

Items	Categories	Number of people	Percentage to the total number of people
Profession	Production personnel	4,946	60.85%
	R&D technicians	1,119	13.77%
	Management personnel	1,023	12.59%
	Salesperson	634	7.80%
	Financial personnel	178	2.19%
	Others	228	2.81%
	Total	8,128	100.00%
Education	Postgraduate and above	624	7.68%
	Undergraduate	3,566	43.87%
	Associate degree & others	3,938	48.45%
	Total	8,128	100.00%

As of 31 December 2022, the percentage of female employees of the Group was 18%, demonstrating the gender diversity in the workforce.

13.2 Incentives for Employees

The Group, according to the requirement of development, further established and improved the overall responsibility management and staff performance assessment system on the basis of clear objectives of each post. The employees' performance is objectively and accurately assessed by breaking down the key tasks specified in the development plan of the Group into different levels and then assigning to various posts, clarifying performance objectives of different roles and setting performance standards. The assessment results are quantified to form the scores that are linked to the employees' performance based salaries to encourage potentials and work passion of the employees, demonstrating a combined strategy of incentives and restraints and laying a solid foundation for the progressive career development of the employees.

The Group currently implemented four categories of incentives, including: compensation incentive (market-based compensation standards, commission incentive and long-term incentive), work incentive (involved in operating decisions, work authorisations, etc.), promotion incentive (improvement of educational background and job promotion, etc.) and equity incentives (Employee Share Ownership Scheme), and clearly defining the general principle of incentive realisation.

13.3 Employees' Training

The Group always believes that training is the best welfare for staff. Our training system was further improved and our capability of professional training was further enhanced during the Reporting Period. The Group adopted several forms of training including mentor coaching, expert's instruction, industry benchmarking, monthly brainstorming and work shifts, converting theoretical knowledge into production results.

During the Reporting Period, our Group's training covered a total of 12 categories, including mainly: operation management, professional skills and production skills. All employees participated in internal and external training during the year.

13.4 Employees' Remuneration Policy

The remuneration of the Group's employees comprises basic salary and performance-based salary. The performance-based salary is determined in accordance with the performance assessment results of the employees.

Corporate Governance Report

To further enhance the incentive relationship between salaries and performance, the Group revamped and adjusted the remuneration structure and performance assessment indicators as well as their respective weights, enhanced the application of performance results in the aspects of staff salary adjustments, training, promotions and role optimisation. The remuneration system is designed to favour the employees with outstanding performance by linking remuneration income to personal capability enhancement and removing equalitarianism. By opening a way for professional growth and career advancement, and matching the growth of employees' remuneration with corporate performance, we expect to achieve the objective of sharing the Company's growth with our employees, and establishing a competitive compensation system.

14. INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information:

- the Company has established the Disclosure of Inside Information Policy and Measures (“**Measures**”) System Documents. The Measures ensure that potential share price-sensitive information or “inside” information be timely confirmed, assessed and reported level by level to the Board which determines whether the information should be disclosed to ensure compliance with the SFO;
- the Company is aware of its obligations under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately after such information comes to our attention and/or it is the subject of a decision unless it falls within the “Safe Harbour rules” set out in the SFO;
- the Company conducts its affairs with close regard to the “Guidelines on Disclosure of Inside Information” and “Recent Economic Developments and the Disclosure Obligations of Listed Issuers” issued by the Securities and Futures Commission in June 2012 and the Stock Exchange in 2008 respectively; and
- the Company has established and implemented procedures for responding to external enquiries about the Group's affairs. Senior officers of the Group are designated and authorised to act as the Company's spokesperson and respond to such enquiries in specific areas of issues.



Independent Auditor's Report

TO THE SHAREHOLDERS OF XINTE ENERGY CO., LTD.

I. OPINION

We have audited the financial statements of Xinte Energy Co., Ltd. (“**Xinte Energy**”), which comprise the consolidated and the parent company's balance sheets as at 31 December 2022, and the consolidated and the parent company's income statements, the consolidated and the parent company's cash flow statements, the consolidated and the parent company's statements of changes in shareholders' equity for the year of 2022, and the notes to the financial statements.

In our opinion, the accompanying financial statements are prepared and present fairly, in all material respects, the consolidated and the parent company's financial position as at 31 December 2022, and the consolidated and the parent company's operation results and cash flows for the year of 2022 of Xinte Energy in accordance with the requirements of Accounting Standards for Business Enterprises.

II. BASIS FOR OPINION

We conducted our audit in accordance with the China Standards on Auditing. Our responsibilities under those standards are further described in the section headed “Certified Public Accountants' Responsibilities for the Audit of the Financial Statements” in our report. We are independent of Xinte Energy in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year of 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Recognition of operating revenue	
Key audit matters	Measures in audit
<p>As stated in Notes IV. 35 and VI. 42 of the financial statements, the operating revenue of Xinte Energy in 2022 was RMB37,541,114,500; of which product sales revenue and engineering construction revenue accounted for 70.98% and 20.48% of Xinte Energy's operating revenue, respectively. We identified the recognition of product sales revenue and engineering construction revenue as key audit matters:</p> <p>(1) Identifying the recognition of product sales revenue as a key audit matter was mainly due to the fact that the occurrence and integrity of product sales revenue would have a significant impact on the operating results of Xinte Energy;</p> <p>(2) Identifying the recognition of engineering construction revenue as a key audit matter was mainly due to the fact that the relevant accounting involves significant accounting estimates and judgments. For the engineering construction projects provided, Xinte Energy recognizes the revenue within a certain period of time according to the progress of contract performance. The progress of contract performance is determined using the input method based on the proportion of the completed contract costs actually incurred for the performance of the contract to the estimated total contract costs over the contract period. The management estimates the estimated total revenue and estimated total cost of projects at the commencement of the projects, and continuously evaluates and revises such estimates during the execution of contracts. The determination of the estimated total revenue, the estimated total cost and the progress of contract performance involves important accounting estimates and judgments of the management, and has a significant impact on the amount and period of revenue recognition.</p>	<p>For the recognition of product sales revenue, our key audit procedures conducted are as follows:</p> <ol style="list-style-type: none">1. Understood, evaluated and tested the management's design and implementation of key internal controls related to product sales revenue recognition to confirm the effectiveness of internal controls;2. Selected samples to check the sales contracts, analyzed and evaluated the time point of the transfer of control rights of goods related to the recognition of product sales revenue, and evaluated whether the time point of revenue recognition complied with the requirements of the Accounting Standards for Business Enterprises;3. Checked the supporting documents related to revenue recognition, including sales contracts, shipping notes, sales invoices and customer receipts, etc., to check the authenticity of the product sales revenue that had been recognized;4. Selected samples to carry out visits and correspondence procedures to verify the authenticity and integrity of their income;5. Performed cut-off test on product sales revenue to check whether revenue recognition was recorded in the correct accounting period;6. Checked whether the disclosures related to product sales revenue met the disclosure requirements of the Accounting Standards for Business Enterprises.

Independent Auditor's Report

1. Recognition of operating revenue	
Key audit matters	Measures in audit
	<p>For the recognition of engineering construction revenue, our key audit procedures conducted are as follows:</p> <ol style="list-style-type: none"> 1. Understood, evaluated and tested the management's design and implementation of key internal controls related to the recognition of engineering construction revenue to confirm the effectiveness of internal controls; 2. Checked the terms of construction contracts, evaluated the correctness of the management's judgment on the performance of contracts at a certain point in time or within a certain period of time, and evaluated the rationality of the management's determination on transaction prices and variable considerations; 3. Selected samples of engineering construction contracts, checked the engineering construction contracts and cost budget data on which the estimated total revenue and estimated total cost were based, and determined whether the estimates made by the management were reasonable and the basis of which was sufficient; 4. Selected samples of engineering construction contracts and checked supporting documents such as contracts, invoices, material receipts and statements of account that actually occurred for engineering costs to determine whether the actual contract performance costs incurred were appropriate; 5. Selected samples of engineering construction contracts and calculated the progress of contract performance based on the estimated total costs and the accumulated actual engineering costs to verify their accuracy and determine the accuracy of the recognition of engineering construction revenue; 6. Selected samples to carry out visits and correspondence procedures to verify the authenticity and integrity of their income; 7. Checked whether the disclosures related to engineering construction revenue met the disclosure requirements of the Accounting Standards for Business Enterprises.

Independent Auditor's Report

2. Provisions for inventory depreciation	
Key audit matters	Measures in audit
<p>As stated in Note IV. 14 and Note VI. 8 of the financial statements, as at 31 December 2022, the book balance of Xinte Energy's inventories was RMB4,957,380,800, of which the inventory balance of wind power and PV station projects under construction and completed for sale at the end of the year was RMB1,458,323,800, and the provisions made for inventory depreciation was RMB346,049,200.</p> <p>The management makes provisions for inventory depreciation based on the difference between the net realisable value of inventories and their book value. When determining the net realisable value of inventories, the management needs to make judgments and estimates on the future discounted cash flow forecast of projects. The forecast of future discounted cash flow adopts the following key assumptions: forecasted power generation, on-grid tariff and discount rate, which is due to the large balance of wind power and PV station projects under construction and completed for sale at the end of each year, and that the estimate of net realisable value is uncertain. The management has used significant estimates and judgments in determining the provisions for relevant inventory depreciations, therefore we have identified this matter as a key audit matter.</p>	<p>For the provision for inventory depreciation, our key audit procedures conducted are as follows:</p> <ol style="list-style-type: none"> 1. Understood the Company's relevant internal control for the provision for inventory depreciation, and evaluated the effectiveness of its design and operation; 2. Obtained the inventory list, executed the supervision procedure of inventory taking, checked the quantity, status and age of inventories, etc., and analyzed the rationality of the management's determination on the existence of impairment indicators; 3. Implemented the on-site supervision procedure of inventory taking for the inventories of important wind power and PV station projects, and further evaluated the rationality of the provisions for inventory depreciation made by the Company according to the operating status of such projects; 4. Obtained the estimated selling expenses and costs that would still need to be incurred until the time of sale for the finished goods and work-in-process that management has used to test the provisions for inventory depreciation, and evaluated the reasonableness against the recent historical incurrence levels; 5. Obtained the management's test calculation sheet for inventory depreciation provision, and reviewed the rationality of the key assumptions and important parameters such as forecasted power generation, on-grid tariff and discount rate adopted by the management for cash flow forecasting; 6. Checked whether the information disclosure related to the inventory depreciation provision met the disclosure requirements of the Accounting Standards for Business Enterprises.

IV. OTHER INFORMATION

The management of Xinte Energy (the “**Management**”) is responsible for the other information. The other information includes information included in Xinte Energy’s 2022 annual report, but does not include the financial statements and our audit report.

Our audit opinion on the financial statements does not cover the other information, nor do we express any form of assurance conclusion on the other information.

In connection with our audit on the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or what we learned during the audit or appears to be materially misstated.

Based on the work we have performed, if we determine that there is material misstatement in the other information, we should report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing Xinte Energy’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern assumption unless the Management either intends to liquidate Xinte Energy or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Xinte Energy’s financial reporting process.

VI. CERTIFIED PUBLIC ACCOUNTANTS’ RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent Auditor's Report

As performing an audit in accordance with China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and the purpose is not to express an opinion on the effectiveness of internal controls.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Xinte Energy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the China Standards on Auditing to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Xinte Energy to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Xinte Energy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Independent Auditor's Report

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

SHINEWING Certified Public
Accountants LLP

Chinese Certified Public Accountant:
(Engagement Partner)

Chinese Certified Public Accountant:

Beijing, the PRC

1 March 2023



Consolidated Balance Sheet

31 December 2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	31 December 2022	31 December 2021
Current assets:			
Monetary capital	VI.1	5,195,451,976.71	5,379,011,955.63
Clearing settlement funds			
Loans to other banks			
Financial assets held for trading	VI.2	66,798,941.06	76,985,909.10
Derivative financial assets			
Notes receivable	VI.3	2,099,428,816.78	1,802,510,347.06
Accounts receivable	VI.4	5,206,682,797.69	6,103,309,452.01
Receivables financing	VI.5	6,172,012,029.97	3,608,991,052.55
Prepayments	VI.6	729,957,458.23	506,285,453.13
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve receivable			
Other receivables	VI.7	456,140,154.87	956,586,468.71
Including: Interests receivable			
Dividends receivable	VI.7.1	78,463,017.24	96,264,269.15
Financial assets held under resale agreements			
Inventories	VI.8	4,611,331,640.47	3,718,223,400.66
Contract assets	VI.9	1,326,016,397.80	1,221,834,859.55
Assets held for sale			
Non-current assets due within one year			
Other current assets	VI.10	1,504,925,469.52	514,586,043.05
Total current assets		27,368,745,683.10	23,888,324,941.45
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments	VI.11		35,023,968.14
Long-term receivables			
Long-term equity investments	VI.12	395,877,169.52	437,492,843.11
Other equity instrument investments	VI.13	250,999,977.52	1,000,000.00
Other non-current financial assets			
Investment properties			
Fixed assets	VI.14	34,112,445,590.94	25,216,001,023.25
Construction in progress	VI.15	12,137,744,003.05	4,569,815,889.50
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VI.16	331,804,558.88	141,505,795.43
Intangible assets	VI.17	1,352,182,707.79	1,082,678,082.48
Development expenses			
Goodwill			
Long-term deferred expenses	VI.18	30,560,906.25	4,586,783.88
Deferred income tax assets	VI.19	669,819,363.84	401,741,931.37
Other non-current assets	VI.20	2,610,864,101.24	2,420,701,886.79
Total non-current assets		51,892,298,379.03	34,310,548,203.95
Total assets		79,261,044,062.13	58,198,873,145.40

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

Consolidated Balance Sheet

31 December 2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	31 December 2022	31 December 2021
Current liabilities:			
Short-term borrowings	VI.21	1,932,112,636.46	1,766,100,999.28
Borrowing from central bank			
Loans from other banks			
Financial liabilities held for trading	VI.22	3,263,277.24	
Derivative financial liabilities			
Notes payable	VI.23	4,700,904,722.81	6,107,779,143.98
Accounts payable	VI.24	10,399,018,417.81	5,573,094,825.40
Advances received			
Contract liabilities	VI.25	2,543,263,742.11	1,977,397,303.77
Proceeds from sale of repurchase financial assets			
Margin and deposits from clients and placements from other banks			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Staff remuneration payables	VI.26	678,491,004.80	385,279,896.06
Taxes payable	VI.27	712,008,231.04	861,022,895.25
Other payables	VI.28	339,664,447.66	244,646,900.47
Including: Interests payable			
Dividends payable	VI.28.2	852,205.20	13,394,100.00
Handling fees and commission			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	VI.29	2,071,841,209.73	1,641,406,696.12
Other current liabilities	VI.30	564,078,917.08	721,540,601.65
Total current liabilities		23,944,646,606.74	19,278,269,261.98
Non-current liabilities:			
Provision for insurance contracts			
Long-term borrowings	VI.31	17,354,651,890.30	14,340,567,421.42
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VI.32	238,202,226.90	141,365,053.58
Long-term payables	VI.33	355,100,000.00	337,150,000.00
Long-term staff remuneration payables			
Accrued liabilities	VI.34	227,751,929.75	105,283,377.29
Deferred income	VI.35	467,595,233.67	449,950,859.52
Deferred income tax liabilities	VI.19	529,403,780.45	157,647,570.72
Other non-current liabilities			
Total non-current liabilities		19,172,705,061.07	15,531,964,282.53
Total liabilities		43,117,351,667.81	34,810,233,544.51

Consolidated Balance Sheet

31 December 2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	31 December 2022	31 December 2021
Shareholders' equity:			
Share capital	VI.36	1,430,000,000.00	1,430,000,000.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	VI.37	9,100,232,065.48	9,160,068,619.11
Less: Treasury shares			
Other comprehensive income	VI.38	-3,860,015.30	-4,058,343.45
Special reserve	VI.39	9,623,405.48	
Surplus reserve	VI.40	981,955,892.67	547,653,992.38
General risk reserve			
Undistributed profit	VI.41	20,282,081,924.13	8,893,910,525.69
Total equity attributable to the shareholders of the parent company		31,800,033,272.46	20,027,574,793.73
Non-controlling interest		4,343,659,121.86	3,361,064,807.16
Total shareholders' equity		36,143,692,394.32	23,388,639,600.89
Total liabilities and shareholders' equity		79,261,044,062.13	58,198,873,145.40

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

Balance Sheet of the Parent Company

31 December 2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	31 December 2022	31 December 2021
Current assets:			
Monetary capital		561,111,409.97	1,466,945,065.67
Financial assets held for trading			
Derivative financial assets			
Notes receivable		285,598,139.43	1,614,090,718.02
Accounts receivable	XVII. 1	419,179,686.50	471,910,806.33
Receivables financing		505,723,058.76	2,153,484,668.56
Prepayments		49,751,110.35	18,486,062.21
Other receivables	XVII.2	2,810,321,864.08	1,094,838,131.43
Including: Interests receivable			
Dividends receivable			430,988,436.89
Inventories		787,366,760.97	821,324,120.04
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets		5,419,052,030.06	7,641,079,572.26
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XVII.3	15,302,654,296.23	9,189,474,219.63
Other equity instrument investments		249,999,977.52	
Other non-current financial assets			
Investment properties			
Fixed assets		5,964,725,657.28	5,832,057,505.37
Construction in progress		170,839,241.06	316,761,179.91
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		183,799,170.42	191,596,571.83
Development expenses			
Goodwill			
Long-term deferred expenses			4,586,783.88
Deferred income tax assets		91,359,087.62	86,285,615.52
Other non-current assets		29,784,219.21	71,048,943.28
Total non-current assets		21,993,161,649.34	15,691,810,819.42
Total assets		27,412,213,679.40	23,332,890,391.68

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

Balance Sheet of the Parent Company

31 December 2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	31 December 2022	31 December 2021
Current liabilities:			
Short-term borrowings			1,000,000.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		669,756,040.74	3,434,050,847.72
Accounts payable		2,297,385,490.82	635,467,730.15
Advances received			
Contract liabilities		1,266,786,437.42	894,678,039.08
Staff remuneration payables		293,728,123.25	137,340,555.99
Taxes payable		146,532,319.32	256,498,014.63
Other payables		2,593,337,173.44	87,559,998.25
Including: Interests payable			
Dividends payable		852,205.20	
Liabilities held for sale			
Non-current liabilities due within one year		152,744,553.89	267,116,428.31
Other current liabilities		350,651,578.45	632,589,388.69
Total current liabilities		7,770,921,717.33	6,346,301,002.82
Non-current liabilities:			
Long-term borrowings		1,208,500,000.00	1,358,500,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term staff remuneration payables			
Accrued liabilities			
Deferred income		252,773,119.40	275,392,424.97
Deferred income tax liabilities		181,027,886.01	157,647,570.72
Other non-current liabilities			
Total non-current liabilities		1,642,301,005.41	1,791,539,995.69
Total liabilities		9,413,222,722.74	8,137,840,998.51

Balance Sheet of the Parent Company

31 December 2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	31 December 2022	31 December 2021
Shareholders' equity:			
Share capital		1,430,000,000.00	1,430,000,000.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		9,148,780,253.03	9,114,857,692.39
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		980,338,798.74	546,036,898.45
Undistributed profit		6,439,871,904.89	4,104,154,802.33
Total shareholders' equity		17,998,990,956.66	15,195,049,393.17
Total liabilities and shareholders' equity		27,412,213,679.40	23,332,890,391.68

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

Consolidated Statement of Income

2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2022	2021
I. Total operating revenue		37,541,114,499.68	22,523,039,942.65
Including: Operating revenue	VI.42	37,541,114,499.68	22,523,039,942.65
Interest income			
Premium earned			
Handling fees and commission income			
II. Total operating cost		19,444,176,407.81	15,895,585,535.82
Including: Operating cost	VI.42	16,466,266,686.08	13,231,343,761.30
Interest expenses			
Handling fees and commission expenses			
Surrender value			
Net payment of insurance claims			
Net provision of insurance liability reserve			
Premium bonus expenses			
Reinsurance expenses			
Taxes and surcharges	VI.43	386,270,825.19	168,200,554.73
Selling expenses	VI.44	657,659,868.43	742,476,207.68
Administrative expenses	VI.45	906,491,737.75	702,439,176.00
R&D expenses	VI.46	325,347,006.70	337,245,795.65
Financial expenses	VI.47	702,140,283.66	713,880,040.46
Including: Interest expenses		786,816,577.32	742,951,253.16
Interest income		85,865,286.42	43,616,571.23
Add: Other revenue	VI.48	96,983,561.04	77,232,388.05
Investment income (loss is represented by "-")	VI.49	42,592,626.27	282,289,439.25
Including: Investment income from associates and joint ventures		129,918,104.51	58,083,839.06
Gains from derecognition of financial assets measured at amortized cost			
Gains from foreign exchange (loss is represented by "-")			
Gains from net exposure to hedging (loss is represented by "-")	VI.50		9,199,497.68
Gain on changes in fair value (loss is represented by "-")	VI.51	-6,067,239.59	88,017.35
Impairment loss of credit (loss is represented by "-")	VI.52	-855,943,084.59	-130,122,730.43
Impairment loss of assets (loss is represented by "-")	VI.53	-483,637,892.57	-562,332,880.78
Gains from disposal of assets (loss is represented by "-")	VI.54	-42,496,202.75	-1,366,630.28
III. Operating profit (loss is represented by "-")		16,848,369,859.68	6,302,441,507.67
Add: Non-operating revenue	VI.55	70,680,200.93	30,468,673.09
Less: Non-operating expenses	VI.56	104,001,117.84	14,564,259.93



Consolidated Statement of Income

2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2022	2021
IV.Total profit (total loss is represented by "-")		16,815,048,942.77	6,318,345,920.83
Less: Income tax expense	VI.57	2,388,803,221.32	934,334,896.63
V. Net profit (net loss is represented by "-")		14,426,245,721.45	5,384,011,024.20
(I) Classified by continuity of operations			
1. Net profit from continuing operations (net loss is represented by "-")		14,426,245,721.45	5,384,011,024.20
2. Net profit from discontinued operation (net loss is represented by "-")			
(II) Classified by ownership			
1. Net profit attributable to owners of the parent company (net loss is represented by "-")		13,395,473,298.73	4,955,264,764.83
2. Profit or loss attributable to non-controlling interests (net loss is represented by "-")		1,030,772,422.72	428,746,259.37
VI.Net other comprehensive income after tax		219,987.35	-6,135,777.29
Net other comprehensive income after tax attributable to owners of the parent company		198,328.15	-4,378,300.31
(I) Other comprehensive income not reclassified to profit or loss			-4,233,052.18
1. Changes arising on remeasurement of defined benefit plans			
2. Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss			
3. Changes in fair value of investments in other equity instruments			-4,233,052.18
4. Changes in fair value of own credit risk of the Company			
5. Others			
(II) Other comprehensive income to be reclassified to profit or loss		198,328.15	-145,248.13
1. Other comprehensive income accounted for using the equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provisions for credit impairment of other debt investments			
5. Reserve for cash flow hedging (effective portion of profit or loss on cash flow hedging)			
6. Exchange differences on translation of financial statements in foreign currency		198,328.15	-145,248.13
7. Others			
Net other comprehensive income after tax attributable to non-controlling interest		21,659.20	-1,757,476.98



Consolidated Statement of Income

2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2022	2021
VII.Total comprehensive income		14,426,465,708.80	5,377,875,246.91
Total comprehensive income attributable to shareholders of the parent company		13,395,671,626.88	4,950,886,464.52
Total comprehensive income attributable to non-controlling interests		1,030,794,081.92	426,988,782.39
VIII.Earnings per share		9.3675	3.9243
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)		9.3675	3.9243

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

Income Statement of the Parent Company

2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2022	2021
I. Operating revenue	XVII. 4	11,959,405,109.82	12,437,064,580.21
Less: Operating cost	XVII. 4	6,825,753,540.11	9,929,617,213.48
Taxes and surcharges		113,135,792.36	76,441,278.38
Selling expenses		7,400,697.51	5,430,515.49
Administrative expenses		67,434,389.21	119,077,326.64
R&D expenses		110,567,404.29	149,074,305.18
Financial expenses		48,974,750.22	106,718,436.36
Including: Interest expenses		69,519,214.40	121,929,183.04
Interest income		19,732,899.57	14,527,782.66
Add: Other revenue		39,106,668.13	33,976,123.11
Investment income (loss is represented by "-")	XVII. 5	348,663,866.83	498,011,796.89
Including: Investment income from associates and joint ventures			
Gains from derecognition of financial assets measured at amortized cost			
Gains from net exposure to hedging (loss is represented by "-")			
Gain on changes in fair value (loss is represented by "-")			
Impairment loss of credit (loss is represented by "-")		-63,642,528.56	-25,593,443.96
Impairment loss of assets (loss is represented by "-")			-267,625,164.31
Gains from disposal of assets (loss is represented by "-")		-44,746,061.86	3,271,455.82
II. Operating profit (loss is represented by "-")		5,065,520,480.66	2,292,746,272.23
Add: Non-operating revenue		7,418,002.78	10,067,304.52
Less: Non-operating expenses		42,721,976.09	24,613.96
III. Total profit (total loss is represented by "-")		5,030,216,507.35	2,302,788,962.79
Less: Income tax expense		687,197,504.50	262,305,719.94
IV. Net profit (net loss is represented by "-")		4,343,019,002.85	2,040,483,242.85
(I) Net profit from continuing operations (net loss is represented by "-")		4,343,019,002.85	2,040,483,242.85
(II) Net profit from discontinued operation (net loss is represented by "-")			

Income Statement of the Parent Company

2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2022	2021
V. Net other comprehensive income after tax			
(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			
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			
7. Others			
VI. Total comprehensive income		4,343,019,002.85	2,040,483,242.85
VII. Earnings per share			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

Consolidated Statement of Cash Flows

2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2022	2021
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		41,078,882,406.95	20,153,850,006.09
Net increase in deposits from clients and placements from other banks			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received from premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits from policyholders and investments			
Cash received from interest, handling fees and commissions			
Net increase in loans from other banks			
Net increase in repurchases business fund			
Net cash received from agency security transaction			
Receipt of tax rebates		306,469,874.28	92,937,142.50
Other cash received from activities relating to operation	VI.58. (1)	483,527,371.62	414,686,187.79
Sub-total of cash inflow from operating activities		41,868,879,652.85	20,661,473,336.38
Cash paid for goods purchased and services rendered		21,339,325,063.24	12,798,793,158.39
Net increase in loans and advances to customers			
Net increase in placements with central bank and other banks			
Cash paid for claims on original insurance contracts			
Net increase in loans to other banks			
Cash payment for interest, handling fees and commissions			
Cash payment for premium bonus			
Cash paid to and on behalf of staff		1,579,124,503.10	1,321,852,413.36
Taxes paid		5,373,624,671.69	1,437,786,197.60
Other cash paid for activities relating to operating activities	VI.58. (1)	844,573,297.91	792,783,593.40
Sub-total of cash outflow from operating activities		29,136,647,535.94	16,351,215,362.75
Net cash flows generated from operating activities		12,732,232,116.91	4,310,257,973.63

Consolidated Statement of Cash Flows

2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2022	2021
II. Cash flow generated from investment activities:			
Cash received from disposal of investments		1,557,177,253.19	54,210,609.68
Cash received from gains in investments		20,094,096.87	42,319,214.94
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,758,486.74	8,051,468.78
Net cash received from disposal of subsidiaries and other operating entities		198,563,908.68	743,657,417.59
Other cash received relating to investment activities	VI.58. (1)	203,577,660.72	605,195,965.12
Sub-total of cash inflow from investment activities		1,981,171,406.20	1,453,434,676.11
Cash paid for purchase of fixed assets, intangible assets and other long-term assets		14,456,933,158.71	8,410,805,920.51
Cash paid for investment		1,717,589,977.52	136,481,877.09
Net increase in pledged loans			
Net cash paid for acquiring subsidiaries and other operating entities		—	20,000,001.00
Other cash paid relating to investment activities	VI.58. (1)	41,438,450.22	194,538,893.15
Sub-total of cash outflow from investment activities		16,215,961,586.45	8,761,826,691.75
Net cash flow generated from investment activities		-14,234,790,180.25	-7,308,392,015.64

Consolidated Statement of Cash Flows

2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2022	2021
III. Cash flow from financing activities:			
Proceeds received from investments			3,770,800,328.34
Including: Proceeds received by subsidiaries from minority interests' investment			630,000,000.00
Cash received from borrowings		9,750,763,332.67	6,046,339,958.43
Other cash received relating to financing activities	VI.58. (1)	1,098,547,229.62	520,699,712.04
Sub-total of cash inflow from financing activities		10,849,310,562.29	10,337,839,998.81
Cash paid for repayment of debts		5,704,082,581.67	4,230,167,800.00
Cash payments for dividend and profit distribution or interest repayment		2,601,435,936.21	1,277,178,082.94
Including: Dividend and profit paid by subsidiaries to minority interests		154,368,237.93	144,302,768.62
Other cash paid relating to financing activities	VI.58. (1)	832,353,462.22	639,193,552.73
Sub-total of cash outflow from financing activities		9,137,871,980.10	6,146,539,435.67
Net cash flow generated from financing activities		1,711,438,582.19	4,191,300,563.14
IV. Effect on cash and cash equivalents due to changes in foreign exchange rates		8,775,706.84	5,412,175.42
V. Net increase in cash and cash equivalents		217,656,225.69	1,198,578,696.55
Add: Balance of cash and cash equivalents at the beginning of the period		3,192,107,888.60	1,993,529,192.05
VI. Balance of cash and cash equivalents at the end of the period		3,409,764,114.29	3,192,107,888.60

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

Statement of Cash Flows of the Parent Company

2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2022	2021
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		12,767,467,017.81	7,084,488,221.47
Receipt of tax rebates			14,367,307.84
Other cash received from activities relating to operation		56,758,795.58	89,570,072.61
Sub-total of cash inflow from operating activities		12,824,225,813.39	7,188,425,601.92
Cash paid for goods purchased and services rendered		3,870,754,853.35	4,275,264,798.72
Cash paid to and on behalf of staff		458,508,463.72	358,272,695.09
Taxes paid		1,659,954,917.25	494,150,713.24
Other cash paid for activities relating to operating activities		180,969,571.03	172,119,668.09
Sub-total of cash outflow from operating activities		6,170,187,805.35	5,299,807,875.14
Net cash flows generated from operating activities		6,654,038,008.04	1,888,617,726.78
II. Cash flow generated from investment activities:			
Cash received from disposal of investments		785,703,954.13	67,023,360.00
Cash received from gains in investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,758,486.74	6,759,491.90
Net cash received from disposal of subsidiaries and other operating entities			
Other cash received relating to investment activities			
Sub-total of cash inflow from investment activities		787,462,440.87	73,782,851.90
Cash paid for purchase of fixed assets, intangible assets and other long-term assets		522,339,790.81	384,083,308.63
Cash paid for investment		6,349,999,977.52	3,163,476,333.37
Net cash paid for acquiring subsidiaries and other operating entities			
Other cash paid relating to investment activities		491,293.46	
Sub-total of cash outflow from investment activities		6,872,831,061.79	3,547,559,642.00
Net cash flow generated from investment activities		-6,085,368,620.92	-3,473,776,790.10

Statement of Cash Flows of the Parent Company

2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2022	2021
III. Cash flow from financing activities:			
Proceeds received from investments			3,140,800,328.34
Cash received from borrowings		116,350,000.00	501,000,000.00
Other cash received relating to financing activities		2,628,415,765.73	1,081,097,991.11
Sub-total of cash inflow from financing activities		2,744,765,765.73	4,722,898,319.45
Cash paid for repayment of debts		264,000,000.00	783,251,800.00
Cash payments for dividend and profit distribution or interest repayment		1,635,320,184.01	406,552,653.31
Other cash paid relating to financing activities		2,399,176,480.69	862,632,347.77
Sub-total of cash outflow from financing activities		4,298,496,664.70	2,052,436,801.08
Net cash flow generated from financing activities		-1,553,730,898.97	2,670,461,518.37
IV. Effect on cash and cash equivalents due to changes in foreign exchange rates			
		51,375.46	-13,813.65
V. Net increase in cash and cash equivalents		-985,010,136.39	1,085,288,641.40
Add: Balance of cash and cash equivalents at the beginning of the period		1,311,288,353.34	225,999,711.94
VI. Balance of cash and cash equivalents at the end of the period		326,278,216.95	1,311,288,353.34

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

Consolidated Statement of Changes in Shareholders' Equity

2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	2022										Total shareholders' equity				
	Equity attributable to the shareholders of the parent company					Other equity instruments									
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Sub-total	Non-controlling interest	
I. Balance at the end of previous year	1,430,000,000.00	-	-	-	9,160,068,619.11	-	-4,058,343.45	-	517,653,992.38	-	8,893,910,525.69	-	20,027,574,793.73	3,391,064,807.16	23,398,639,600.89
Add:															
Changes in accounting policy															
Prior period error correction															
Merger of enterprises under common control															
Others															
II. Balance at the beginning of the current year	1,430,000,000.00	-	-	-	9,160,068,619.11	-	-4,058,343.45	-	517,653,992.38	-	8,893,910,525.69	-	20,027,574,793.73	3,391,064,807.16	23,398,639,600.89
III. Amount of increase/decrease/change in the current year (decrease is represented by "-")															
(I) Total comprehensive income							198,328.15								
(II) Contribution and reduction of capital by shareholders															
1. Ordinary shares contributed by shareholders															
2. Capital contributed by other equity instrument holders															
3. Amount included in Shareholders' equity in share payment															
4. Others															
(III) Profit distribution															
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk reserve															
3. Distributions to shareholders															
4. Others															
(IV) Carry-forward of Shareholders' equity reserves to increase share capital															
1. Transition of capital reserves to increase share capital															
2. Transition of surplus reserves to increase share capital															
3. Making up of losses by surplus reserves															
4. Carry-forward of retained earnings from charges in defined benefit plans															
5. Carry-forward of retained earnings from other comprehensible income															
6. Others															
(V) Special reserves															
1. Current withdrawal															
2. Current use															
(VI) Others															
IV. Balance at the end of the current year	1,430,000,000.00	-	-	-	9,100,232,065.48	-	-3,860,015.30	6,623,405.48	881,955,692.67	-	20,282,081,924.13	-	31,800,033,272.46	4,343,659,121.86	36,143,692,394.32

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

Consolidated Statement of Changes in Shareholders' Equity

2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	2021年度														
	State capital	Preference shares	Other equity instruments	Perpetual bonds	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Sub-total	Non-controlling interest	Total shareholders' equity
I. Balance at the end of previous year	1,200,000,000.00	-	-	-	6,234,749,400.78	-	319,556.86	-	343,605,688.09	-	4,282,694,085.15	-	12,041,369,110.88	2,459,870,212.14	14,501,239,323.02
Add:															
Changes in accounting policy															
Prior-period error correction															
Merger of enterprises under common control															
Others															
II. Balance at the beginning of the current year	1,200,000,000.00	-	-	-	6,234,749,400.78	-	319,556.86	-	343,605,688.09	-	4,282,694,085.15	-	12,041,369,110.88	2,459,870,212.14	14,501,239,323.02
III. Amount of increase/decrease/change in the current year (decrease is represented by "-")	230,000,000.00	-	-	-	2,955,319,216.33	-	-4,378,300.31	-	204,046,324.29	-	4,831,215,440.54	-	7,986,205,682.85	90,194,955.02	8,897,400,277.87
(I) Total comprehensive income															
(II) Contribution and reduction of capital by shareholders															
1. Ordinary shares															
2. Capital contributed by shareholders															
3. Amount included in shareholders' equity in share payment															
4. Others															
(III) Profit distribution															
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk reserve															
3. Distributions to shareholders															
4. Others															
(IV) Carry-forward of Shareholders' equity															
1. Translation of capital reserves to increase share capital															
2. Translation of surplus reserves to increase share capital															
3. Making up of losses by surplus reserves															
4. Carry-forward of retained earnings from changes in defined benefit plans															
5. Carry-forward of retained earnings from other comprehensive income															
6. Others															
(V) Special reserves															
1. Current withdrawal															
2. Current use															
(VI) Others															
IV. Balance at the end of the current year	1,430,000,000.00	-	-	-	9,190,068,617.11	-	-4,058,343.45	-	547,653,992.38	-	8,883,910,525.69	-	20,027,574,793.73	3,361,064,807.16	23,388,639,600.89

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

Statement of Changes in Shareholders' Equity of the Parent Company

2022, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	2022										Total shareholders' equity	
	Share capital	Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit		Others
I. Balance at the end of previous year	1,430,000,000.00	-	-	-	9,114,857,692.39	-	-	-	546,036,898.45	4,104,154,802.33	-	15,195,049,393.17
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-
Prior-period error correction	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the current year	1,430,000,000.00	-	-	-	9,114,857,692.39	-	-	-	546,036,898.45	4,104,154,802.33	-	15,195,049,393.17
III. Amount of increase/decrease/change in the current year (decrease is represented by "-")	-	-	-	-	33,922,560.64	-	-	-	434,301,900.29	2,335,717,102.56	-	2,803,941,563.49
(I) Total comprehensive income	-	-	-	-	-	-	-	-	434,301,900.29	4,343,019,002.85	-	4,343,019,002.85
(II) Contribution and reduction of capital by shareholders	-	-	-	-	33,922,560.64	-	-	-	-	-	-	33,922,560.64
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount included in Shareholders' equity in share payment	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	33,922,560.64	-	-	-	-	-	-	33,922,560.64
(III) Profit distribution	-	-	-	-	-	-	-	-	434,301,900.29	-2,007,301,900.29	-	-1,573,000,000.00
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	434,301,900.29	-434,301,900.29	-	-1,573,000,000.00
2. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Carry-forward of Shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Transition of capital reserves to increase share capital	-	-	-	-	-	-	-	-	-	-	-	-
2. Transition of surplus reserves to increase share capital	-	-	-	-	-	-	-	-	-	-	-	-
3. Making up of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
4. Carry-forward of retained earnings from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
5. Carry-forward of retained earnings from other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-
1. Current withdrawal	-	-	-	-	-	-	-	-	-	-	-	-
2. Current use	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the current year	1,430,000,000.00	-	-	-	9,148,780,253.03	-	-	-	980,338,798.74	6,439,871,904.89	-	17,998,990,956.66

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:



Statement of Changes in Shareholders' Equity of the Parent Company

2022, prepared by: Xinte Energy Co., Ltd.

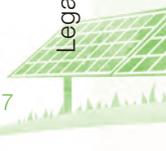
Unit: RMB

Items	2021										Total shareholders' equity	
	Share capital	Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit		Others
I. Balance at the end of previous year	1,200,000,000.00	-	-	-	6,197,070,310.25	-	-	-	341,886,574.16	2,387,719,883.77	-	10,126,776,768.18
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-
Prior-period error correction	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the current year	1,200,000,000.00	-	-	-	6,197,070,310.25	-	-	-	341,886,574.16	2,387,719,883.77	-	10,126,776,768.18
III. Amount of increase/decrease/change in the current year (decrease is represented by "-")												
(I) Total comprehensive income	230,000,000.00	-	-	-	2,917,787,882.14	-	-	-	204,048,324.29	1,716,434,918.56	-	5,088,270,624.99
(II) Contribution and reduction of capital by shareholders	230,000,000.00	-	-	-	2,917,787,882.14	-	-	-	2,040,483,242.85	-	-	2,040,483,242.85
1. Ordinary shares contributed by shareholders	230,000,000.00	-	-	-	2,917,787,882.14	-	-	-	-	-	-	3,147,787,382.14
2. Capital contributed by other equity instrument holders	-	-	-	-	2,910,800,328.34	-	-	-	-	-	-	3,140,800,328.34
3. Amount included in Shareholders' equity in share payment	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	6,987,053.80	-	-	-	-	-	-	6,987,053.80
(III) Profit distribution	-	-	-	-	-	-	-	-	204,048,324.29	-324,048,324.29	-	-120,000,000.00
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	204,048,324.29	-204,048,324.29	-	-120,000,000.00
2. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-120,000,000.00	-	-120,000,000.00
3. Others	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Carry-forward of Shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Transition of capital reserves to increase share capital	-	-	-	-	-	-	-	-	-	-	-	-
2. Transition of surplus reserves to increase share capital	-	-	-	-	-	-	-	-	-	-	-	-
3. Making up of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
4. Carry-forward of retained earnings from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
5. Carry-forward of retained earnings from other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-
1. Current withdrawal	-	-	-	-	-	-	-	-	-	-	-	-
2. Current use	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the current year	1,430,000,000.00	-	-	-	9,114,857,692.39	-	-	-	546,036,898.45	4,104,154,802.33	-	15,195,049,393.17

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:



Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

I. GENERAL INFORMATION OF THE COMPANY

(I) Company Profile

1. Name of the Company: Xinte Energy Co., Ltd. (the “Company”, together with its subsidiaries, the “Group”)
2. Date of establishment of the Company: 20 February 2008
3. Registered capital: RMB1.43 billion (RMB1,430,000,000.00)
4. Address: No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang
5. Legal representative: Yin Bo
6. On 30 December 2015, the H shares issued by the Company were listed on the Main Board of the Hong Kong Stock Exchange
7. Scope of business: production and sales of silicon and relevant highly purified materials and relevant technology R&D; research, design, system integration, installation and maintenance, consulting service on new energy construction environmental protection technology and relevant engineering projects; manufacture, installment and technology consulting service and operating management on solar silicon wafers, solar cells, solar cell modules, controllers, inverters, solar battery cells, junction boxes, building components, brackets, accessories and environmental devices related to solar system and relevant products application; engineering design, production, installment and maintenance, sales and aftersales service related to solar PV off-grid, on-grid and solar-wind hybrid, solar-thermal hybrid, PV-hydroelectricity hybrid system and other system complementary to PV electricity generation; general construction contracting, commissioning and operation for thermal power, hydraulic and hydropower engineering, electrical power engineering; thermal power generation, thermal production and sales; labor dispatching; import and export business for goods and technologies; production and sales of chemicals by-products related to polysilicon production; intraocular lens, energy storage materials, lithium ion batteries, hydrogen fuel cells, secondary batteries components and modules production and sales; production and sales of nitride materials, oxide materials, carbide materials and zirconium products; industrial sodium hydroxide, sodium hydroxide (food grade), caustic soda, production and sales of industrial liquid chlorine, sodium hypochlorite (available chlorine content higher than 5%), hydrochloric acid, sulphuric acid, nitric acid, hydrogen chloride, hydrogen, nitrogen, ammonia and sodium sulfate decahydrate; ordinary road cargo transportation, international road cargo transportation; leasing of properties; internal training; sales of machinery and electrical equipment, wires and cables, steels, steel pipes, valves, building materials; production, supply and sales of water for domestic and industrial uses. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by the relevant authorities).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

I. GENERAL INFORMATION OF THE COMPANY (Continued)

(I) Company Profile (Continued)

8. Parent company and ultimate holding company of the Company: TBEA Co., Ltd. (特變電工股份有限公司), the legal domicile of which is No. 189, Beijing South Road, Changji City, Changji Prefecture, Xinjiang.
9. Company registration number/unified social credit code: 916500006702303076

(II) Nature of Business

The Group's polysilicon business falls within the "computer, communication and other electronic equipment manufacturing industry", wind power and photovoltaic ("PV") power plants development and construction business falls within "professional technical services", and wind power and PV power plants operation business falls within the "electricity and heat production and supply industry".

(III) Main Business

The Group is principally engaged in the research and development, production and sales of high-purity polysilicon, and the development, construction and operation of wind power and PV power plants.

II. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

As of 31 December 2022, the consolidated scope of the Company includes 458 subsidiaries, representing an increase of 28 compared with the end of 2021 and including 51 newly added subsidiaries due to newly establishment, 1 newly added subsidiary due to merger by other ways, 12 subsidiaries reduced due to transfer, and 12 subsidiary reduced due to cancellation.

Please refer to Note "VII. Changes in the Scope of Consolidation" for details of the newly added and reduced subsidiaries during the Reporting Period, and refer to Note "VIII. Interests in Other Entities" for relevant information of subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

III. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements of the Group have been prepared on a the going-concern basis and transactions, based on transactions and events that have actually occurred, in accordance with the Accounting Standards for Business Enterprises (the “ASBE”) issued by the Ministry of Finance and relevant provisions under the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange and based on the accounting policies and accounting estimates stated in Note “IV. Significant Accounting Policies and Accounting Estimates”.

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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates indication: specific accounting policies and accounting estimates developed by the Group according to characteristics of actual production and operation includes business cycle, the recognition and measurement of provisions for bad debts from receivables, the measurement of inventory dispatched, fixed assets classification and depreciation methods, amortization of intangible assets, conditions for capitalizing R&D expenses, recognition and measurement of incomes, etc.

1. Statement of compliance with the ASBE

The Group declares that the financial statements prepared comply with the ASBE, which reflect the financial position, results of operation and cash flow of the Company and the Group truly and completely.

2. Accounting period

The accounting period of the Group is from 1 January to 31 December of each calendar year.

3. Business cycle

The business cycle of the Group is 12 months.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4. Recording currency

Renminbi (“RMB”) is the currency of the main economic environment where the Company and its domestic subsidiaries operate and is therefore their recording currency. The recording currency of the overseas subsidiaries of the Company is determined based on the main economic environment where they operate. The currency adopted by the Group for the preparation of these financial statements is RMB.

5. Accounting treatment method for business merger under common control and different control

The assets and liabilities acquired by the Group, as the combination party, from business merger under common control should be measured at the book value in consolidated financial statements of the ultimate controlling party of the combined party. The difference between the book value of the net assets obtained and the book value of the consideration of merger paid shall be used to adjust the capital reserves; where the capital reserves are not sufficient to be offset, the retained earnings shall be adjusted.

The identifiable assets, liabilities and contingent liabilities of the acquiree acquired in the business merger under different control are measured at fair value at the acquisition date. The cost for merging is the sum of fair value of cash or non-cash assets paid, liabilities issued or assumed, equity securities issued, etc. for obtaining the control power of the acquiree and various direct expenses in business merger (in the business merger realized step by step through several transactions, the cost for merging is the sum of the cost for each single transaction). Difference between the cost of merging and the fair value of the identifiable net assets of the acquiree obtained by the Group in business merger shall be recognized as goodwill; if the cost of merging is less than such fair value, the fair value of various identifiable assets, liabilities and contingent liabilities obtained in business merger and the fair value of non-cash assets or equity security issued in the consideration of merger shall be re-checked first. If the re-checked cost of merger is still less than such fair value, the difference shall be included into current non-operating revenue.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Preparation methods of consolidated financial statements

The Group incorporates all subsidiaries and structured entities controlled by it into the scope of consolidated financial statements.

When preparing consolidated financial statements, if the accounting policy or the accounting period adopted is inconsistent between the subsidiaries and the Company, necessary adjustments shall be made to the financial statements of subsidiaries according to the accounting policy or the accounting period of the Company.

All significant internal transactions, current balances and unrealized profits within the scope of the merger are offset in preparing consolidated statements. Shares in owners' equity of subsidiaries but not attributed to the parent company, net profit or loss for the current period, other comprehensive income and shares attributed to non-controlling interests in total comprehensive income shall be listed in consolidated financial statements as "non-controlling interests, non-controlling profit or loss, other comprehensive income attributed to minority shareholders and total comprehensive income attributed to minority shareholders".

Operating results and cash flows of subsidiaries which are acquired by business merger under common control are included into consolidated financial statements at the beginning of the current period of the merger. Upon the preparation of comparative consolidated financial statements, any adjustments to relevant items in financial statements of the previous year are considered as the subject of reports formed after merger as if it might have existed since the time when final controlling party begins to take the control.

Under the circumstance that the equity of the investee is obtained under the common control through multiple transactions step by step, which results in business merger, such equity shall be adjusted in the preparation of consolidated financial statements as if they might have existed as the current state from the time when final controlling party takes the control. When preparing comparative accounts, relevant assets and liabilities of the acquiree are included in comparative accounts of consolidated financial statements of the Group according to the restriction that the time above shall be later than the time when the Group and the acquiree are under the common control of final controlling party, moreover, increased net assets resulting from the merger are adjusted as relevant items under owners' equity in the comparative accounts. In order to avoid repeated calculation of value of net assets of the merged party, the long-term equity investment held by the Group before the merger is achieved, the changes in relevant profits or losses, other comprehensive incomes and other net asset that have been recognized in the period from the later date, when the long-term equity investment is acquired and when the Group and the acquiree are under the final control of the same party, to the merger date, shall respectively be applied to write off the opening retained earnings or current profits or losses during the period of comparative statement.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Preparation methods of consolidated financial statements (Continued)

As for subsidiaries acquired by business merger under the different control, operating results and cash flows shall be incorporated into consolidated financial statements from the date when the Group takes the control. In preparing consolidated financial statements, adjustments to financial statements of subsidiaries are based on the fair value of identifiable assets, liabilities and contingent liabilities, which is identified at the purchase date.

Where control right over the investee is lost due to the disposal of partial equity investment of the Group or other reasons, the residual equity will be re-calculated based on the fair value thereof on the day the control is lost when preparing the consolidated financial statements. The difference between the sum of the consideration obtained from the equity disposal and the fair value of the residual equity the share of the net assets of the original subsidiaries calculated continuously in proportion to the original holdings from the purchase date or date of merging shall be recorded into the investment profit or loss of the current period in which the control right is lost, with goodwill written off simultaneously. Other comprehensive income related with the equity investment of the original subsidiaries shall be converted to the current investment profit or loss when losing the control right.

7. Classification of joint arrangements and accounting treatment method for joint operations

The Group's joint arrangements include joint operations and joint ventures. In projects for joint operation, for assets held and liabilities assumed solely which are confirmed by the Group as the joint-venture party in joint operation and assets held and liabilities assumed according to shares, their relevant income and costs shall be determined as per related individual agreements or shares. If purchase or sales related to joint operation are not construed as assets transactions of business, it should only determine parts which belong to other participants of joint operation in profit or loss arising from such transactions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

8. Cash and cash equivalents

Cash shown in the cash flow statement of the Group refers to the cash on hand and deposits that are available for payment at any time. Cash equivalent refers to the investments which have a holding period of not more than 3 months, and are of strong liquidity and readily convertible to known amounts of cash with low risk of value change.

9. Foreign currency operations and translation of foreign currency financial statements

(1) Foreign currency transaction

The foreign currency amount in a foreign currency transaction of the Group is converted into an amount in RMB based on the spot exchange rate on the transaction date. Monetary items calculated in foreign currency in the balance sheet shall be translated into RMB at the spot exchange rate on the balance sheet date; the exchange difference shall be included in current profit or loss, after disposal of the balance of exchange that is formed by foreign currency loans borrowed for acquiring or producing assets which meet capitalized terms. Foreign currency non-monetary items calculated at fair value are converted into RMB by using the spot rate on the date when the fair value is determined. The generated conversion difference is included in current profits or losses directly as the change of fair value. Foreign currency non-monetary items measured at historical cost are still converted based on the spot exchange rate on the transaction date, with the RMB amount unchanged.

(2) Translation of financial statements in foreign currency

The asset and liability items in the foreign currency balance sheet shall be translated as per the spot exchange rate on the balance sheet date; the owner's equity items, except for the item of "undistributed profit", shall be translated as per the spot exchange rate at the time of business occurrence; the income and expenditure items in the income statement shall be translated as per the spot exchange rate on the transaction date. The translation differences in the foreign currency financial statements arising from the above translations shall be listed in the owner's equity items separately. Foreign currency cash flow is translated as per the spot exchange rate on the date when the said cash flow occurs. The amount of influence of exchange rate change on cash shall be listed in the cash flow statement separately.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial assets and financial liabilities

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

(1) Financial assets

1) *Classification, determination basis and measurement method of financial assets*

The Group classifies financial assets based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets as financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

The Group classifies financial assets meeting both of the following conditions into financial assets at amortized cost: ① the financial asset is held within a business model with the objective to hold the financial assets in order to collect contractual cash flows; ② the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such financial assets are initially measured at fair value, and related transaction costs are included in the initial recognition amount; the amounts are subsequently measured at amortized cost. Such financial assets which are not part of a hedging relationship are amortized and impaired using the effective interest method, the exchange gains and losses and the gains or losses arising from derecognition are included in profit or loss for the current period. The financial assets classified into this category by the Group include accounts receivable, other receivables, etc.

The Group classifies financial assets meeting both of the following conditions into financial assets at fair value through other comprehensive income: ① the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial assets; ② the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such financial assets are initially measured at fair value, and related transaction costs are included in the initial recognition amount. Gains or losses arising from such financial assets which are not part of a hedging relationship, other than credit impairment losses or gains, exchange gains or losses and interest on such financial assets calculated using the effective interest method, are included in other comprehensive income. Upon derecognition of the financial assets, the cumulative gains or losses previously included in other comprehensive income shall be transferred out and be included in profit or loss for the current period. The financial assets classified into this category by the Group include other debt investments, other equity instrument investments, receivables financing, etc.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial assets and financial liabilities (Continued)

(1) Financial assets (Continued)

1) *Classification, determination basis and measurement method of financial assets (Continued)*

The Group recognizes interest income using the effective interest method. Interest income is calculated and determined by multiplying the effective interest rate by the carrying balance of the financial asset, except: ① for the purchased or internally generated credit-impaired financial assets, their interest income is calculated and determined based on amortized cost and credit-adjusted effective interest rate of such financial assets since the initial recognition; and ② for the purchased or internally generated financial assets without credit-impairment but subsequently becoming credit-impaired, their interest income is calculated and determined based on amortized costs and effective interest rate of such financial assets in subsequent periods.

The Group designates the investments in equity instruments not held for trading as financial assets at fair value through other comprehensive income. Such designation cannot be revoked once made. The investments in equity instruments not held for trading designated as at fair value through other comprehensive income by the Group are initially measured at fair value with related transaction costs to be included in the initial recognition amount. Except for any received dividends (excluding those belonging to the recovery of the investment costs) which are included in profit or loss for the current period, other related gains or losses are included in other comprehensive income and may not be transferred to the current profit or loss subsequently. Upon derecognition, the cumulative gains or losses previously included in other comprehensive income shall be transferred out and be included in retained earnings.

Other than the above financial assets classified as financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, the Group classifies its financial assets as financial assets at fair value through profit or loss. Such financial assets are initially measured at fair value with related transaction costs to be directly included in profit or loss for the current period. Gains or losses on such financial assets are included in profit or loss for the current period. The financial assets classified into this category by the Group include financial assets held for trading.

Financial assets arising from contingent consideration recognized by the Group during the business merger under different control, are classified as financial assets at fair value through profit or loss.

When the Group changes its business model of managing financial assets, it reclassifies all affected financial assets.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial assets and financial liabilities (Continued)

(1) Financial assets (Continued)

2) *Recognition and measurement of transfer of financial assets*

The Group derecognizes financial assets if one of the following conditions is met: ① the contractual rights to collect the cash flows from the financial asset expire; ② the financial asset has been transferred, and the Group has transferred substantially all the risks and rewards of ownership of the financial asset; ③ the financial asset has been transferred, and the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and it has not retained control over such financial asset.

If the transfer of an entire financial asset meets the conditions of derecognition, the difference between the carrying amount of the transferred financial assets and the sum of the consideration received from the transfer and the accumulative amount of the changes in the fair value originally included in other comprehensive income which shall be apportioned to the derecognized portion (when the transferred financial assets meet the following conditions: the financial asset is held within a business model with the objective to hold the financial assets in order to collect contractual cash flows; where the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of interest on the principal amount), are included in profit or loss for the current period.

If the transfer of financial asset partially meets the conditions of derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the sum of the consideration received from the transfer and the accumulative amount of the changes of the fair value originally included in other comprehensive income which shall be apportioned to the derecognized portion (when the transferred financial assets meet the following conditions: the financial asset is held within a business model with the objective to hold the financial assets in order to collect contractual cash flows; where the contractual terms of the financial assets transferred give rise on specific dates to cash flows that are solely payments of interest on the principal amount), and the apportioned entire carrying amount of the said financial assets are included in profit or loss for the current period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial assets and financial liabilities (Continued)

(2) Financial liabilities

1) *Classification, recognition and measurement of financial liabilities*

Except for the following, the Group classifies its financial liabilities as financial liabilities measured at amortized cost, and measured at amortized cost subsequently using the effective interest method:

- ① financial liabilities at fair value through profit or loss (inclusive of derivatives of such financial liabilities), including held-for-trading financial liabilities and financial liabilities designated as at fair value through profit or loss on initial recognition, such financial liabilities are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial liabilities are included in profit or loss for the current period.
- ② financial liabilities arising from financial assets of which the transfer does not meet the conditions of derecognition or continuing involvements in the transferred financial assets. The Group measured such financial liabilities in accordance with the relevant standards for the transfer of financial assets.
- ③ financial guarantee contracts that do not fall within the range of ① or ②, and loan commitments that do not fall within the range of above ① and are at a rate less than the market interest rate. As the issuer of such financial liabilities, the Group shall measure such financial liabilities at the higher of the amount of loss provision determined in accordance with the relevant standards for impairment of financial instruments and the amount initially recognized less cumulative amortization amount determined in accordance with the relevant regulations set out in revenue standard.

Financial liabilities arising from contingent consideration recognized by the Group as the purchaser during the business merger under different control, are accounted for at fair value through profit or loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial assets and financial liabilities (Continued)

(2) Financial liabilities (Continued)

2) *Derecognition conditions of financial liabilities*

When the present obligation of such financial liability was wholly or partially discharged, that financial liability or the discharged obligation shall be derecognized. If the Group and a creditor enter into an agreement to replace the existing financial liability with a new financial liability on substantially different terms, the existing financial liability shall be derecognized, whereas the new financial liability shall be recognized. Where the Group made substantial modifications to the terms of the existing financial liabilities in whole or in part, it derecognizes the existing financial liability in whole or in part and recognizes the financial liability with the revised terms as a new financial liability. The difference between the book value of the derecognized part of financial liability and the consideration paid is included in profit or loss for the current period.

(3) Method for determination of fair values of financial assets and financial liabilities

Fair values of financial assets and financial liabilities of the Group are measured at the prices in principal market. In case there is no principal market, fair values of financial assets and financial liabilities are calculated using the price which is the most beneficial to the market, and using valuation techniques which is the most appropriate at that time and with sufficient available data and other information. The inputs which are used to measure the fair value have been divided into 3 levels: Level 1-inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities; Level 2-inputs are quoted prices for the asset or liability (other than those included in Level 1) that are either directly or indirectly observable; Level 3-inputs are unobservable inputs to the related assets or liabilities. The Level 1 inputs are the priority to use by the Group, and level 3 inputs will be the last one to use. The Level 1 inputs shall be applied to the financial assets held for trading. The level of fair value measurement is determined by the lowest level of inputs which are significant to the measurement of fair value as a whole.

The Group's investments in equity instruments are measured at fair value. However, in limited circumstances, if the short-term information used to determine the fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and the cost represents the best estimate of the fair value within the scope, the cost may represent appropriate estimates of fair value within the distribution.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial assets and financial liabilities (Continued)

(4) Offset of financial assets and financial liabilities

The Group's financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other. However, they are presented in the balance sheet in net amounts after offsetting each other if the following conditions are met: (1) the Group has a legal right to offset the recognized amounts and such legal right is currently enforceable; (2) the Group intends either to settle on a net basis, or to realize the financial assets and settle the financial liabilities simultaneously.

(5) The distinction between financial liabilities and equity instruments and related treatment methods

The Group distinguishes financial liabilities and equity instruments according to the following principles: 1) if the Group cannot unconditionally avoid fulfilling a contractual obligation by paying cash or other financial assets, the contractual obligation is consistent with the definition of financial liability. Some financial instruments, although not explicitly containing the terms and conditions of settling cash or other financial assets obligations, may indirectly form contractual obligations through other terms and conditions; 2) if a financial instrument is required or can be settled by the Group's own equity instruments, it is necessary to consider the Group's own equity instruments used to settle the instrument, whether it is a substitute for cash or other financial assets, or for the holder of the instrument to enjoy the remaining interest in the assets of the issuer after deducting all liabilities. In the former case, the instrument is the issuer's financial liability; if it is the latter, the instrument is the issuer's equity instrument. In some cases, a financial instrument contract stipulates that the Group settles the financial instrument with its own equity instruments, where the amount of contractual rights or contractual obligations equals the number of equity instruments available or to be delivered multiplied by the fair value at settlement. Whether the amount of the contractual rights or obligations is fixed, or totally or partly based on changes in variables other than the market price of the Group's own equity instruments (interest rate, price of a commodity, or price of a financial instrument), the contract is classified as a financial liability.

When the Group classifies financial instruments (or their components) in the consolidated statements, it considers all the terms and conditions between the group members and the holders of financial instruments. If the group as a whole assumes the obligation to settle cash, other financial assets, or other means of causing the instrument to become a financial liability due to the financial instruments, the instrument should be classified as a financial liability.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial assets and financial liabilities (Continued)

(5) The distinction between financial liabilities and equity instruments and related treatment methods (Continued)

If the financial instrument or its components are classified as financial liabilities, the relevant interest, stock dividends (or dividends), gains or losses, and gains or losses arising from redemption or refinancing are included in profit or loss for the current period.

If the financial instrument or its components are equity instruments, it is treated as a change in equity and not recognized changes in the fair value of equity instruments when it is issued (including refinancing), repurchased, sold or canceled.

11. Notes receivable

Determination method and accounting treatment of expected credit loss of notes receivable:

Notes receivable are divided into different portfolios and the accounting estimation policies for the expected credit loss thereof are determined by the Group based on the shared characteristics of acceptors' credit risks:

Category of portfolio	Basis for determining the portfolio	Method for measuring expected credit loss
Bank acceptance notes	The acceptor is a bank or financial company with less credit risk	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, calculate expected credit loss through exposure at default and lifetime expected credit loss rate
Trade acceptance notes	The acceptor is an enterprise with a higher credit risk	

The Group calculates the expected credit loss for notes receivable on the balance sheet date. If the expected credit loss is higher than the book value of the current provision for the impairment of the notes receivable, the Group will recognize such difference as impairment loss of the notes receivables, which will be debited to "impairment loss of credit" and credited to "provision for bad debt". Otherwise, the Group will recognize such difference as impairment gain and make the opposite accounting records.

Where the Group actually incurs credit loss and determines that the relevant notes receivable cannot be recovered, if the receivables have been approved for cancellation after verification, the Group shall be debited to "provision for bad debt" and credited to "notes receivable" according to the approved amount of write-off. If the amount of write-off is greater than the accrued loss provision, the "impairment loss of credit" shall be debited according to the difference.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Provision for bad debt of receivables

- (1) The Group always measures the loss provisions for receivables which are formed by the transaction specified by the Accounting Standards for Business Enterprises No. 14 — Revenue and does not include the significant financing component according to the amount of lifetime expected credit loss. The Group adopted the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments (Cai Kuai (2017) No. 7), and based on the Group's historical bad debt loss, reviewed the appropriateness of the provision for bad debts of accounts receivable in previous years. The Group considered that there is a correlation between the probability of default and the aging, and the aging is still an indicator of whether the credit risk of the Group's accounts receivable has increased significantly. Therefore, the credit risk loss of the Group's accounts receivable is estimated based on the aging and the original loss ratio for the previous years. The accounting estimation policies of the Group to measure the expected credit loss of accounts receivable are as follows:

The assessment based on the portfolio is as follows. For accounts receivable, the Group is unable to obtain sufficient evidence of a significant increase in credit risk at a reasonable cost at the level of individual instruments, whereas it is feasible to assess whether credit risk increases significantly on the basis of the portfolio. Therefore, the Group divides the accounts receivable into groups, considers and assesses whether there is a significant increase in credit risk on a portfolio basis by taking the items such as the types of financial instruments, credit risk rating, collateral type, initial recognition date and residual contract duration, the industry where the debtor operates, geographical location of the debtor, and value of collaterals relative to financial assets as the common risk characteristics.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Provision for bad debt of receivables (Continued)

(2) Measurement of expected credit loss

The Group calculates the expected credit loss of accounts receivable on the balance sheet date. If the expected credit loss is higher than the book value of the current provision for the impairment of accounts receivable, the Group will recognize such difference as impairment loss of the accounts receivable, which will be debited to “impairment loss of credit” and credited to “provision for bad debt”. Otherwise, the Group will recognize such difference as impairment gain and make the opposite accounting records.

Where the Group actually incurs credit loss and determines that the relevant accounts receivable cannot be recovered, if the receivables have been approved for cancellation after verification, the Group shall be debited to “provision for bad debt” and credited to “Accounts receivable” according to the approved amount of write-off. If the amount of write-off is greater than the accrued loss provision, the “impairment loss of credit” shall be debited according to the difference.

Based on the actual credit losses in previous years, and considering the prospective information in the current year, the accounting estimation policies to measure the expected credit loss are as follows: the Group determines the expected credit loss rate in a single item for accounts receivable with significantly different credit risks; in addition to determining the expected credit loss rate for accounts receivable in a single item, the Group adopts the expected credit loss model based on the characteristics of aging, calculates the expected credit loss of accounts receivable through default risk exposure of accounts receivable and expected credit loss rate, and determines the expected credit loss rate based on the default probability and loss given default.

Should the Group transfer receivables to financial institutions without recourses, the difference between the trade amount excluding written off the book value of accounts receivable and relevant taxes is recognised in profit or loss for the current period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

13. Receivables financing

Receivable financing items reflect notes receivable and accounts receivable at fair value through other comprehensive income on the balance sheet date. According to the needs of its daily fund management, the Group discounts and endorses certain bank acceptance bills, and factorizes a part of accounts receivable. Based on the sales frequency and amount as well as internal management, such financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sell the financial assets, and the characteristics of the contractual cash flows of such financial assets are consistent with the basic borrowing arrangements.

At the time of initial recognition, the fair value usually equals the trading price; if there exists a difference, distinctions should be made in the following situations:

- (1) At the time of initial recognition, if the fair value of the financial asset or financial liability is set by the quoted price of identical asset or liability in an active market, or merely determined by the valuation techniques using observable market data, the difference between fair value and trading price is recognised as a gain or loss.
- (2) At the time of initial recognition, if the fair value of the financial asset and financial liability is set by other means, the difference between fair value and trading price should be deferred. After the initial recognition, the deferred difference will be recognised as gains or losses in the corresponding accounting period depending on the degree of volatility of a certain factor within the period. This factor should only be restricted to those considered by the market participants when pricing the financial instrument, including time, etc.

All the gains and losses that arise from the financial asset at fair value through other comprehensive income are charged to other comprehensive income, except for those generated by impairment and exchange differences, which should be charged to other comprehensive income, until the derecognition or the reclassification of the financial asset.

When the financial asset is derecognised, the accumulative gains or losses which were previously charged to other comprehensive income should be transferred out and included in profit or loss for the current period.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. Inventories

The Group's inventories mainly include raw materials, low-value consumables, packaging materials, works in progress, commissioned processing materials, semi-finished goods, goods in stock, goods in transit, contract performance costs and new energy power stations, etc.

The perpetual inventory system is adopted by the Group. Goods in stock is valued at actual cost when acquired. The weighted average method is used to determine the actual cost of the inventory used or issued. Low-value consumables are amortised at one time when they are used. The closing inventories are valued at cost or net realizable value, whichever is lower. For the estimated irrecoverable part of cost due to inventory damage, obsolescence of all or partial inventories, or sale price lower than the cost, provisions for impairment of inventories are accrued. The net realizable value of inventories is determined on the basis of clear evidence obtained, taking into account the purpose of holding inventories and the effect of events after the balance sheet date.

After the provision for impairment of inventories is made, if the circumstances that previously caused inventories to be written-off no longer exist so that the net realizable value of inventories is higher than their carrying amount, the original provision for impairment of inventories is reversed and the reversed amount is recognised in profit or loss for the current period.

15. Contract assets

(1) Methods and standards for the determination of contract assets

Contract assets refer to the rights to receive consideration for the transfer of goods by the Group to its customers, and that right depends on factors other than the passage of time. If the Group sells two commodities that can be clearly distinguished to its customers, under which condition the Group has the right to collect money because one of the commodities has been delivered, while the collection of money also depends on the delivery of the other commodity, the Group regards the right to collect money as the contract assets.

(2) Determination methods and the accounting methods for the expected credit loss of contract assets

The determination methods and the accounting methods for the expected credit loss of contract assets are as follows: for the contract assets classified as a group, the Group calculates the expected credit loss by referring to historical credit loss experience, current situation and forecasts of future economic conditions and based on the default risk exposure and lifetime expected credit loss rates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Contract assets (Continued)

(2) Determination methods and the accounting methods for the expected credit loss of contract assets (Continued)

As for accounting methods, the Group calculates the expected credit loss of contract assets on the balance sheet date. If the expected credit loss is greater than the book value of the current provision for the impairment of contract assets, the Group will recognize such difference as impairment loss, which will be debited to “impairment loss of assets” and credited to “provision for the impairment of contract assets”. Otherwise, the Group will recognize such difference as impairment gain and make the opposite accounting records.

Where the Group actually incurs credit loss and determines that the relevant contract assets cannot be recovered, if the contract assets have been approved for cancellation after verification, the Group shall be debited to “provision for the impairment of contract assets” and credited to “contract assets” according to the approved amount of write-off. If the amount of write-off is greater than the accrued loss provision, the “impairment loss of assets” shall be debited according to the difference.

16. Contract costs

(1) Methods for the recognition of the amount of assets related to contract costs

The Group's assets related to contract costs comprise contract performance costs and contract acquisition costs.

The cost incurred by the Group to perform a contract which does not fall under the scope of other business accounting standards and meets all of the following conditions, is recognised as an asset as contract performance cost: such cost directly relates to an existing or expected contract, including direct labour, direct materials, manufacturing cost (or similar cost) or other costs expressly to be borne by customers and incidental only to the contract; such cost increases the resources of the Group for future performance obligations; and such cost is expected to be recoverable.

The incremental cost to obtain a contract of the Group which is expected to be recoverable is recognised as an asset as contract acquisition cost, provided that such asset is included in profit or loss for the period as incurred when the amortization period is no longer than one year. Incremental cost refers to the cost which will not be incurred by the Group had the contract had not been acquired, such as sales commissions. Other expenses incurred by the Group to obtain a contract (such as travel expenses to be incurred regardless of obtaining a contract or not and excluding the incremental cost expected to be recoverable) are included in profit or loss for the period as incurred, save for those expressly to be borne by customers.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Contract costs (Continued)

(2) Amortization of assets related to contract costs

The Group's assets related to contract costs are amortised on the same basis as those for the revenue from goods relating to such assets and included in profit or loss for the current period.

(3) Impairment of assets related to contract costs

When recognizing the impairment loss of assets related to contract costs, the Group initially recognizes the impairment loss for other assets related to the contract which are recognised according to other relevant business accounting standards. Subsequently, in the event that the book value of assets related to contract costs is greater than the excess of the remaining consideration expected to be obtained by the Group arising from the transfer of goods relating to such assets over the estimated cost to be incurred to transfer such goods, the provision for impairment shall be made for such excess and recognised as impairment loss of assets.

If the above-mentioned excess is greater than the book value of such assets as a result of any subsequent change of impairment factors in the previous period, the provision for impairment of assets previously made shall be reversed and included in profit or loss for the period as incurred to the extent that the book value of such assets upon reversal shall not be higher than that of such assets on the reversal date assuming no provision for impairment has been made.

17. Other debt investments

For the determination methods and the accounting methods of the expected credit loss of other debt investments, please refer to the relevant description in "12. Provision for bad debt of receivables" above.

18. Long-term equity investments

The long-term equity investments of the Group mainly refer to the investment in subsidiaries, investment in associates and investment in joint ventures.

The Group's basis for judgement in respect of common control is that all participating parties or a group of participating parties control such arrangement, and that policies on the related business of such arrangement have to obtain unanimous agreement from all participating parties that collectively control such arrangement.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

18. Long-term equity investments (Continued)

The Group is usually deemed to have significant influence on the investee when it owns, directly or indirectly through its subsidiaries, more than 20% (inclusive) but less than 50% of the voting right of the investee, which is usually deemed to have significant influence on the investee. For voting rights of less than 20% in the investee, significant influence over the investee will be judged by comprehensively taking into consideration of such facts and circumstances as assigning a representative to the Board or similar authority of the investee, or participating in the formulation process of financial and operation policies of the investee, or having major transactions with the investee, or sending management personnel to the investee or providing key technical information to the investee.

An investee that is under the control of the Group shall be deemed as a subsidiary of the Group. For long-term equity investments acquired through business merger under common control, the share of the book value of net assets of the combined party in the consolidated statement of the ultimate controlling party on the merger date shall be accounted for as the initial investment cost of the long-term equity investments. If the book value of net assets of the combined party on the merger date is negative, the cost of the long-term equity investments is determined as nil.

For equity in an investee under common control obtained in stages through multiple transactions, which results in business merger, the Group will conduct the accounting method on each transaction as one transaction which obtains control if the transactions belong to a package deal; if the transactions do not belong to a package deal, the share of the book value of net assets of the combined party in the combined financial statements of the ultimate controlling party upon the combination shall be deemed as the initial investment cost of the long-term equity investments on the merger date. The difference between the initial investment cost and the sum of the book value of long-term equity investments before the merger and the book value of newly-paid consideration for further acquisition of shares on the merger date shall be applied to adjust capital reserve. If the capital reserve is insufficient for offsetting, the retained earnings shall be offset.

For long-term equity investments obtained through business merger under different control, combined cost shall be recognised as initial investment cost.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

18. Long-term equity investments (Continued)

For equity in an investee under different control obtained in stages through multiple transactions, which results in business merger, supplementary disclosure to treatment methods for long-term equity investment in financial statements of the parent company shall be made in the reporting period for acquiring the control. For instance, for equity in an investee under different control obtained in stages through multiple transactions, which results in the business merger, the Group will conduct accounting treatment on each transaction as one transaction which obtains the control right if the transactions belong to a package deal. If the transactions do not belong to a package deal, the sum of the book value of equity investment held originally and additional investment costs shall be the initial investment cost whose calculation method is changed to cost method. If the equity held before the acquisition date is calculated by the equity method, the related other comprehensive income originally calculated by the equity method shall not be adjusted; and the accounting method shall be applied as per the same basis as that of directly disposing of related assets or liabilities of the investee when disposing of the investment. If the equity held before the acquisition date is designated as non-transactional equity instrument investments at fair value through other comprehensive income, the accumulative change in fair value originally included in other comprehensive income shall not be transferred into the current profit or loss.

Apart from the long-term equity investments acquired through business merger mentioned above, for long-term equity investments acquired by cash payment, the investment cost is the actual amount of cash paid for the acquisition; for long-term equity investments acquired by issuing equity securities, the cost of investment is the fair value of the equity securities issued; for long-term equity investments invested by the investor, the investment cost is the agreed consideration under the investment contract or agreement. If the Group holds long-term equity investments acquired through debt restructuring, non-monetary asset exchange, etc., the method of recognition of investment cost should be determined according to the requirements of the relevant business accounting standards and the disclosure of the Group's actual conditions.

The Group's investments in subsidiaries are accounted for using the cost method, and the investments in joint ventures and associates are accounted for using the equity method.

For long-term equity investments for which the subsequent measurement is accounted for using the cost method, when additional investment is made, the book value of the long-term equity investment cost will be added according to the fair value of cost paid for additional investment and the related expenses incurred by related transactions. For cash dividend or profit declared and paid by the investee, it shall be recognised as its investment income for the period at the amount to which it entitles.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

18. Long-term equity investments (Continued)

For long-term equity investment for which the subsequent measurement is accounted for using the equity method, the book value of long-term equity investment shall be increased or decreased accordingly according to the change in the owners' equity of the investee. In which, the attributable net profit or loss in the investee is recognised on the basis of the fair value of various identifiable net asset in the investee at the time of acquisition and in accordance with the accounting policies and accounting period of the Group, based on the share attributable to the investor as calculated according to shareholdings, after elimination of the profit or loss for intra-group transactions with associates and joint ventures and after adjustment to the net profits of the investee.

When long-term equity investments are disposed of, the difference between the book value and the proceeds actually received shall be included in investment income for the period. If the long-term equity investment accounted for under the equity method is included in owners' equity due to the other changes in the owners' equity of the investee besides net profit and loss, the portion previously included in the owners' equity shall, when disposing of such long-term equity investment, be transferred to the current profit or loss on investment on a pro-rata basis.

Where the common control or significant influence over the investee is lost due to the partial disposal of equity investment, the residual equity after disposal will be calculated according to the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments (Cai Kuai (2017) No. 7), the difference between the fair value and book value of such residual equity on the date when the common control or significant influence is lost shall be included in profit or loss for the current period. For other comprehensive income recognised by the original equity investment due to the adoption of the equity method shall be treated on the same basis as the related assets or liabilities directly disposed of by the invested entity upon the termination of the adoption of the equity method and carried forward on a pro-rata basis. The owner's equity recognised as a result of the changes in the owner's equity of the investee other than net profit and loss, other comprehensive income and profit distribution shall be transferred to the current investment income on a pro-rata basis.

For the loss of the control of the invested entity due to disposal of partial long-term equity investments, the residual equity after disposal, if capable of realizing joint control or exerting significant influence on the invested unit, is changed to the equity method for calculation, the difference for disposal of book value and consideration is included in the investment income, and the residual equity is adjusted as it is calculated by the equity method since it was acquired; the residual equity after disposal, if unable to realize joint control or exert significant influence on the invested unit, the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments (Cai Kuai (2017) No. 7) shall be applied for the accounting methods, the difference for disposal of book value and consideration is included in the investment income, and the difference between the fair value and book value of the residual equity on the control-lost date is included in profit or loss for the current period.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

18. Long-term equity investments (Continued)

For each transaction where equity is disposed by the Group in stages until loss of control and which does not belong to a package transaction, the accounting for each transaction shall be conducted separately. For the package transaction, the accounting treatment shall be conducted on each transaction as the transaction that disposes of subsidiary with loss of control. However, before loss of control, the difference between disposal price for each transaction and the book value of corresponding long-term investments of the equity disposed of, shall be recognised as other comprehensive income, and, upon loss of control, shall be transferred to the current profit or loss when the control is lost.

19. Investment properties

Investment properties include buildings and lands which have been leased out. Investment properties are recorded at its costs. The costs of purchased investment properties include purchase price, relevant taxes and other expenditures that can directly be attributed to the asset; the cost for self-constructing investment properties shall be comprised of necessary expenditures for making the asset reach its intended use. Investment properties of the Group are subsequently measured using the cost method and shall be depreciated or amortized over its expected useful life and net residual rate using the straight-line method.

The subsequent measurement of buildings measured using the cost method is consistent with the subsequent measurement of fixed assets; the subsequent measurement of land use rights measured using the cost method is consistent with the measurement of intangible assets.

When self-use properties are converted for self-use, such investment properties shall be changed into fixed assets or intangible assets since the date of conversion. When investment properties for self-use are converted for gaining rental income or capital increase, the fixed assets or intangible assets shall be changed into investment properties since the date of conversion. When conversion occurs, the book value prior to conversion shall be accounted for the value after conversion. If an investment property is disposed of or withdrawn permanently from use and no economic benefit can be obtained from the disposal, the recognition of the investment properties shall be terminated. The disposal income from selling, transferring, discarding or damaging of investment properties shall be deducted by the book value and relevant taxes thereof and then included in profit or loss for the current period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Fixed assets

Fixed assets are tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and expected to be used for more than one year. Fixed assets include buildings and structures, transportation vehicles, electronic equipment, office equipment and others, as the value of the recorded costs at the time of acquisition, including the purchase price and import duties and other related taxes and fees, as well as other expenses incurred before the fixed assets reach the intended use status can be directly attributed to the asset; consisting of the necessary expenditure incurred before the asset is constructed to its intended use; the fixed assets invested by the investor shall be recorded at the value agreed upon in the investment contract or agreement, but the unfair value agreed upon in the contract or agreement shall be recorded at fair value; for the fixed assets for finance leases, the fair value of leased assets on the lease commencement date and the present value of minimum leasing payment shall be accounted for, whichever is lower.

The Group shall make depreciation for all the fixed assets except the fixed assets which have been fully depreciated but are still in use and the land which is separately priced and recorded. Depreciation is calculated using the straight-line method. The depreciation expenses shall be separately included in the costs of related assets or current expenses by purposes. The category, depreciation period, expected net residual rate and depreciation rate of the fixed assets of the Group are as follows:

Category of fixed assets	Depreciation period (year)	Residual rate (%)	Annual depreciation rate (%)
Buildings and structures	20–40	5	2.38–4.75
Machinery equipment	5–25	5	3.80–19.00
Transportation vehicles	5–10	5	9.50–19.00
Electronic equipment	3–5	5	19.00–31.67
Others	5–20	5	4.75–19.00

At the end of each year, the Group shall review the expected useful life, expected net residual value and depreciation method of the fixed assets. If there is any change, it will be treated as an accounting estimate change.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Fixed assets (Continued)

The fixed assets are derecognized on disposal or when no future economic benefits are expected from their use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of the fixed assets, net of their carrying amounts and related taxes, is included in the current profits or losses. Subsequent expenditures related to the fixed assets are included in the carrying amounts of the fixed assets only when the economic benefits associated with the assets that will flow to the enterprise exceed the original estimates, such as extending its useful life, enhancing product quality or reducing product cost. The amount so increased will not exceed the recoverable amount of the fixed assets. Subsequent expenditures other than such amount shall be recognized as the current expenses, and shall no longer be calculated using the accrual or deferred method.

(1) Repair costs related to fixed assets are directly included in the current expenses. (2) Improvement expenses related to fixed assets are included in the carrying amounts of the fixed assets. The amount so increased will not exceed the recoverable amount of the fixed assets. (3) In the event that it is unable to determine whether it is repair or improvement of fixed assets, or the repair of fixed assets and improvement of fixed assets are integrated, the judgment shall be made according to the above principles, and the subsequent expenses incurred shall be included in the value of fixed assets or included in current expenses respectively. (4) Depreciation charge on improvement expenses of fixed assets which meets the criteria for capitalization is accounted for in a separate item of "Improvement of fixed assets" under "Fixed assets", and is calculated using the reasonable method based on the shorter of the period between two improvements and the useful life of the fixed assets. In the event that there is still a balance in the item of "Improvement of fixed assets" related to the fixed asset at the next improvement, the balance shall be fully included in the current non-operating expenses. (5) Subsequent expenditures on fixed assets leased by means of financial leasing shall be treated in accordance with the above principles. Depreciation charge on improvement expenses of fixed assets which meets the criteria for capitalization is calculated using the reasonable method based on the shorter of the period between two improvements, the remaining lease term and the useful life of fixed assets.

21. Construction in progress

The construction in progress is measured at the actual cost. The self-operated construction project is measured by direct materials, direct labour, direct construction costs, etc. The outsourced construction works shall be measured according to the project price payable. The project cost shall be determined according to the value of the equipment installed, the installation cost, the expenses incurred in the trial operation of the project, etc. The cost of construction in progress also includes borrowing costs and exchange gains and losses that should be capitalized.

Construction in progress shall be transferred into fixed assets at the estimated value as per the project budget, construction prices or actual construction costs from the date when they are ready for intended use, and be depreciated from the next month and be adjusted for difference from the original value of the fixed asset after the completion settlement procedures.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

22. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized when expenditures for such assets and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where borrowings are borrowed for a specific purpose, the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the unutilized borrowed funds in banks or any investment income on the temporary investment of those borrowings shall be capitalized. Where borrowings are borrowed for general purposes, the amount to be capitalized is determined on multiplying the weighted average of the excess amount of accumulated asset expense over the amount of specific-purpose borrowings by capitalization rate of general-purpose borrowings occupied. The capitalization rate shall be determined based on the weighted average interest rates applicable to the general-purpose borrowings.

The qualifying assets to be capitalized are fixed assets, investment properties and inventories which need to be acquired, constructed or produced through a long period of time (usually more than one year (inclusive)), in order to become ready for its intended use or sale. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed.

23. Right-of-use assets

The right-of-use assets are defined as the rights of the Group as a lessee to use the leased asset in the lease term.

(1) Initial measurement

At the commencement date of the lease, the Group initially measures the right-of-use assets at cost, which includes the following: ① the amount of the initial measurement of the lease liability; ② any lease payments made on or before the commencement date, less the amount of lease incentives received, if any; ③ any initial direct costs incurred, i.e. the incremental costs incurred for the execution of the lease; ④ the costs expected to be incurred for dismantling and removing the leased asset, restoring the site on which the leased asset is located or restoring it to the condition as agreed in the terms of the lease, except those incurred for the production of inventories.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. Right-of-use assets (Continued)

(2) Subsequent measurement

After the commencement date of the lease, the Group adopts a cost model for the subsequent measurement of the right-of-use assets, where the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Where the Group re-measures the lease liability in accordance with the relevant provisions of the lease standards, the book value of the right-of-use assets shall be adjusted accordingly.

(3) Depreciation of right-of-use assets

The Group provides for the depreciation of the right-of-use assets from the commencement date of the lease. Right-of-use assets are usually depreciated from the month in which the lease term commences. The amount of the provision for depreciation is included in the cost of the relevant assets or the current profit or loss according to the use of the right-of-use assets.

When determining the depreciation method of the right-of-use assets, the Group makes decisions based on the expected methods of consuming the economic benefits related to the right-of-use assets, and provides for depreciation for the right-of-use assets on a straight-line basis.

When determining the depreciation period of the right-of-use assets, the Group adheres to the following principles: if it is reasonably certain that the ownership of the leased asset will be obtained at the end of the lease term, the provision for depreciation will be made within the remaining useful life of the leased asset; if it is not reasonably certain that the ownership of the leased asset will be obtained when the lease term expires, the provision for depreciation is made during the lease term or the remaining useful life of the leased asset, whichever is the shortest.

If the right-of-use assets are impaired, the Group will make subsequent provisions for depreciation based on the book value of the right-of-use assets after deducting the impairment losses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Intangible assets

Intangible assets include land use rights, patent rights, non-patent technology, software and trademark rights, etc. Intangible assets are measured at the actual costs upon acquisition. The purchased intangible are stated at actual cost based on the actual price paid and related other expenses. For intangible assets invested by investors, the actual costs are determined according to the values specified in the investment contract or agreement, for the unfair values agreed in the contract or agreement, the actual costs are determined at the fair value.

The land use rights shall be evenly amortized over its remaining term when it is obtained from the date of transfer. The patent technology, non-patent technology and other intangible assets are amortized evenly by stages over estimated useful life, beneficial term stipulated by contract and legal effective term, whichever is the shortest. The amortization amount is included in relevant asset cost and the current profit or loss according to its beneficiaries.

The Group reviews the estimated useful life and amortization method of intangible assets with finite useful life at the end of each year, and any changes will be treated as changes in accounting estimates. The Group reviews the estimated useful life of intangible assets with uncertain useful life at each accounting period. If there is evidence that the useful life of intangible assets is finite, the useful life should be estimated and amortized during that period.

25. Research and development

The expenses for internal research and development projects of the Group (including purchased external research projects) are divided into expenses in the research stage and expenses in the development stage.

Expenses in the research stage are included in profit or loss for the current period as incurred. Expenses in the development stage may only be capitalized if the following conditions are satisfied: the completion of such intangible assets for use or sale is technically feasible; the Company has the intention to use or sell the intangible assets upon completion; the way in which the intangible assets bring economic benefits shows that there exists a consumption market for the products with the use of these intangible assets or the intangible assets themselves, or that they are useful in case of internal utilization; the Company has sufficient technological, financial and other resources to complete the development of the intangible assets and the ability to make them available for use or sale; and the expenses attributable to such intangible assets can be measured reliably at the development stage. Development expenses that do not satisfy all the above conditions are included in profit or loss for the current period as incurred. Development expenditure previously included in profit or loss will not be recognized as assets in subsequent periods. The capitalized expenditures for the development stage are presented as development expenses on the balance sheet, and are converted to intangible assets from the date when the project reaches its intended use.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Research and development (Continued)

Expenditures in the research stage, such as planned investigation, evaluation and selection for the process of the specific product, are included in profit or loss for the current period as incurred. Expenditures in the development stage, such as the designing and testing for the final application of the process of the specific product before the scale production, shall be capitalized only if all of the following conditions are satisfied: (1) the R&D technology of the process of the specific product has been fully approved by the technical team; any proprietary technology formed by the capitalization of R&D expenditures shall obtain the certification issued by the relevant third party or industry authority; (2) the R&D expenditure capitalization shall be approved in accordance with the relevant procedures of the Company's science and technology department, and the project approval report shall be obtained, and the budget relating to the process of the specific product has been approved by the management; (3) the research and analysis from the marketing investigation demonstrated that the product produced during the process of the specific product has marketing capability; and the proprietary technology must reach the international and domestic advanced level or fill the international, domestic and Company gaps, and can be put into production, with good earnings expectations; (4) there are adequate technical and financial resources for the development of the process of the specific product and the subsequent scale production; (5) the expenditure attributable to the process of the specific product can be liable collected.

26. Impairment of non-financial long-term assets

Long-term equity investments, fixed assets, construction in progress, and intangible assets with finite useful lives are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. For goodwill and intangible assets with uncertain useful life, impairment tests shall be conducted at the end of each year regardless of whether there is any indication of impairment. If it is difficult to test the recoverable amount of a single asset, the test shall be based on the asset group or combination of the asset group to which the asset belongs. If the result of the impairment test indicates that the carrying amount of an asset is greater than its recoverable amount, the difference are recognized as an impairment loss. If the impairment loss for the aforesaid assets is recognized, it shall not be reversed in subsequent accounting periods. The recoverable amount of an asset is the higher between the net value of the fair value of the asset minus the disposal expense and the present value of the expected future cash flow of the asset. The indicators of impairment are as follows:

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Impairment of non-financial long-term assets (Continued)

(1) The market price of assets has fallen sharply in the current period, and the decline is significantly higher than the expected decline due to the passage of time or normal use; (2) there is an adverse impact on the enterprise, because of the changing of the economic, technological, legal environment which enterprise operates and the market in; (3) the market interest rate or other market investment return rate has increased in the current period, which affects the discount rate of the enterprise to calculate the present value of the expected future cash flow of the asset, and resulting in a substantial reduction in the asset's recoverable amount; (4) there is evidence that the asset has become obsolete or its entity has been damaged; (5) assets have been or will be idled, terminated, or planned for disposal in advance; (6) the evidence in the internal report of the Company indicates that the economic performance of the asset has been lower or will be lower than expected, such as the net cash flow created by the asset or the realized operating profit (or loss) is much lower (or higher) than the expected amount; (7) other indicators that assets may have been impaired.

27. Goodwill

Goodwill is the amount at the acquisition date or purchasing date, of the equity investment cost or cost of business merger not involving enterprises under common control, that exceeds the acquirer's interest in the fair value of the investees' or acquiree's identifiable net assets. Goodwill relating to subsidiaries is presented in consolidated financial statements as a separate item. Goodwill relating to associates and joint ventures is included in the carrying amount of the long-term equity investments.

28. Contract liabilities

Contract liabilities reflect the Group's obligation to transfer goods to a customer for which the Group has received consideration or an amount of consideration is due from the customer. Before the Group transfers goods to a customer, the customer has already paid the contract consideration, or the Group has obtained unconditional right to receive the contract consideration. At the earlier of the date of actual payment from the customer and the due date of payment, contract liabilities were recognized based on the amount received or receivable.

29. Long-term deferred expenses

The long-term deferred expenses are expenses which have been paid but will be amortized within the period over one year (excluding one year). Such expenses are amortized evenly over periods in which benefits are derived. If the long-term expenses to be amortized are no longer beneficial in subsequent accounting periods, the amortized value of the unamortized item is transferred in full to the current profit or loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

30. Staff remuneration

Staff remuneration refers to all forms of rewards or compensations given by the Group in exchange for services rendered by employees or for the termination of employment relationship. Staff remuneration includes short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits.

Short-term remuneration includes staff salaries, bonuses, allowances and subsidies, staff welfare payments, social insurance premiums including medical insurance premiums, work injury insurance premiums and maternity insurance premiums, housing provident fund, labor union expenses and staff education expenses, short-term paid leaves, short-term benefits sharing scheme, non-monetary welfare and other short-term remuneration. During the accounting period in which the employees render services, the Group recognizes the short-term remuneration incurred as liabilities and included in profit or loss for the current period or costs of relevant assets according to the beneficiaries of the services.

Post-employment benefit includes defined contribution plans. Defined contribution plans mainly comprise of basic pension insurance, unemployment insurance and annuity. The relevant contribution amount is included in the costs of relevant assets or the profit or loss for the period during which the expenses are incurred.

Where the labor relationship with employees is terminated prior to the expiration of the labor contract with employees, or compensation suggestions are made to encourage employees to accept the cutback voluntarily, the employee payroll liabilities incurred by the termination benefits shall be recognized and included in profit or loss for the current period when the Company cannot withdraw unilaterally the termination benefits provided for the termination plan of labor relations or cutback suggestions, or when the Company recognizes the cost related to reorganization involving the payment of termination benefits, whichever is earlier. However, if it is anticipated that the termination benefits cannot be fully paid within 12 months after the end of the annual reporting period, such welfare shall be treated as other long-term staff remuneration.

The internal retirement plan for employees shall be treated by the same principle as the above termination benefits. The Group will pay the salary and contribute social insurance for the internal retirement from the service ceased to be provided by such employee to normal retirement. Such fee is included in profit or loss for the current period (termination benefits) when conforming to the reorganization condition of estimated liability.

Accounting treatment shall be conducted on other long-term employee benefits provided to employees by the Group according to defined contribution plans if such plans are conformed. In addition, accounting treatment shall be conducted according to defined benefit plans. The Group did not set up any defined benefit plan.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

31. Accrued liabilities

Where the business related to contingencies including external guarantee, commercial acceptance discount, pending litigations or arbitrations, product quality assurance, etc. meets the following conditions, the Group will recognize it as liabilities: the obligation is a present obligation of the Group; it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount of the obligation can be measured reliably.

Accrued liabilities are initially measured at the best estimate required to be paid when performing relevant current obligations, with comprehensive consideration of such factors as risks, uncertainties and time value of money related to contingencies. Where the time value of money is of great influence, the best estimate is determined through the discount of relevant future cash outflows. On each balance sheet date, the book value of the accrued liabilities shall be reviewed and adjusted (if any change) to reflect the current best estimate.

32. Lease liabilities

(1) Initial measurement

The Group initially measures lease liabilities based on the present value of the lease payments that have not been paid at the commencement date of the lease.

1) Lease payments

Lease payments are defined as the payments made by the Group to the lessors related to the rights to use leased assets during the lease term, including: ① fixed payments and fixed payments in substance, net of lease incentives, if any; ② variable lease payments based on indexes or ratios, which are determined at the initial measurement based on the indexes or ratios on the commencement date of the lease term; ③ the exercise price of the purchase option when the Group is reasonably certain to exercise the purchase option; ④ the payments required to be paid for exercising the option to terminate the lease when the lease term reflects that the Group will exercise the option to terminate the lease; ⑤ the amount expected to be paid based on the residual value of the guarantee provided by the Group.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Lease liabilities (Continued)

(1) Initial measurement (Continued)

2) *Discount rate*

In calculating the present value of a lease payment, the Group uses the interest rate implicit in the lease as the discount rate, which is a rate that matches the sum of the present value of the lease receipts of the lessor and the present value of unguaranteed residual value with the sum of the fair value of the leased asset and the initial direct expenses incurred by the lessor. The Group uses the incremental borrowing rate as the discount rate when it is unable to determine the interest rate implicit in the lease. The incremental borrowing interest rate refers to the interest rate payable by the Group to borrow funds under similar mortgage conditions in similar periods in order to acquire the assets of an amount close to the value of the right-of-use assets in a similar economic environment. The interest rate is related to the following: ① the Group's own situation, that is, the Group's solvency and credit status; ② the term of the "borrowing", that is, the lease term; ③ the amount of "borrowed" funds, that is, the amount of lease liabilities; ④ "mortgage conditions", that is, the nature and quality of the underlying assets; ⑤ the economic environment, including the jurisdiction in which the lessee is located, the currency of denomination, and the time of signing the contract. Based on the bank loan interest rate, the Group makes adjustments in respect of the above-mentioned factors to derive the incremental borrowing interest rate.

(2) Subsequent measurement

After the commencement date of the lease, the Group conducts the subsequent measurement of the lease liabilities according to the following principles: ① increasing the book value of the lease liabilities when recognizing the interest on lease liabilities; ② reducing the book value of the lease liabilities when making lease payments; ③ re-measuring the book value of the lease liabilities in case of any change in the lease payments due to revaluation or lease variations.

The interest expenses of the lease liabilities in each period of the lease term are calculated at fixed periodic interest rates and are included in the profit and loss for the current period, except those that shall be capitalized. Periodic interest rates refer to the discount rates used by the Group in the initial measurement of lease liabilities, or the revised discount rates adopted by the Group when lease liabilities need to be re-measured at revised discount rates due to changes in lease payments or lease changes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Lease liabilities (Continued)

(3) Re-measurement

After the commencement date of the lease, when the following circumstances occur, the Group re-measures the lease liabilities at the present value calculated based on the lease payments after changes and the revised discount rates, and adjusts the book value of the right-of-use assets accordingly. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the Group will include the balance in the current profit and loss. The circumstances include ① any change in the fixed payment in substance; ② any change in the expected payable amount of the residual value of the guarantee; ③ any change in the indexes or ratios used to determine the lease payments; ④ any change in the evaluation result of the purchase option; ⑤ any change in evaluation result or actual exercise of the option to renew or terminate the lease.

33. Share-based payments

The equity-settled share-based payment in return for employees' services shall be measured based on the fair value of equity instruments granted to the employees on the date of grant. Equity Instruments which are exercisable immediately upon the grant are included in relevant costs or expenses at the fair value of equity instruments on the date of grant and capital reserves are increased accordingly. If exercising is conditional upon completion of services in the pending period or fulfillment of performance conditions, on each balance sheet date during the pending period, based on the best estimate of the number of exercisable equity instruments, the services received for the period are recognized as the costs or expenses and capital reserves at the fair value of the equity instruments on the date of grant. After the exercise date, relevant costs or expenses and total shareholders' equity have been recognized and will not be adjusted.

Cash-settled share-based payments are measured at the fair value of the liabilities (share-based or other equity instrument-based) assumed by the Group. Equity instruments which are exercisable immediately upon the grant are included in relevant costs or expenses at the fair value of liabilities assumed by the Company on the date of grant and liabilities are increased accordingly. If exercising is conditional upon completion of services in the pending period or fulfillment of performance conditions, on each balance sheet date during the pending period, based on the best estimate of the exercisable situation, the services received for the period are recognized as the costs or expenses at the fair value of the liabilities assumed by the Group, and adjusts the liabilities accordingly.

At each balance sheet date and settlement date before the settlement of relevant liabilities, the fair value of liabilities is remeasured with respective changes included in profit or loss for the current period.

If the Group cancelled the granted equity instrument during the vesting period (other than cancellations due to non-fulfillment of the vesting conditions), it is deemed as accelerated vesting, as if all vesting conditions of the equity-based payment scheme during the remaining vesting period have been fulfilled, all expenses of the remaining vesting period are recognized during the period of cancellation of such equity instrument granted.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

34. Special reserve

The safety expenditures accrued by the Group in accordance with the national regulations shall be included in the cost of related products or the current profit or loss, and shall be credited to the special reserve account.

The safety expenditures of the Group are expenses in nature, which directly debited to specific reserve. The safety expenditures of the Group that are formed into fixed assets through collection of construction in progress are recognized as fixed assets when the safety projects are completed and to the expected conditions for use. Meanwhile, specific reserve is written down through the costs of formed fixed assets, and the same amount is recognized to accumulated depreciation. For these fixed assets, there will be no further depreciation in the subsequent periods.

35. Revenue recognition principles

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 PV power plants.

The Group recognizes revenue when a performance obligation in the contract is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customers.

When the contract contains two or more performance obligations, on the inception of the contract, the transaction price is allocated to each separate performance obligation in proportion to the stand-alone price of the promised goods or services, and the revenue is recognized according to the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The transaction price confirmed by the Group does not exceed the amount that is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. An entity shall recognize a refund liability if the entity expects to refund some or all of the consideration to the customer which is not included in the transaction price. Where there is significant financing component in the contract, the Group shall determine the transaction price on the basis of the amount payable in cash when the customer assumes control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest rate method during the contract period. The Group shall not take into account the existence of a significant financing component in the contract if the Group expects, at contract inception, that the period between when the customer acquires the control of a promised good or service and when the customer pays for that good or service will be one year or less.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

35. Revenue recognition principles (Continued)

The Group satisfies a performance obligation over time, if one of the following criteria is met; otherwise, it satisfies a performance obligation at a point in time:

- (1) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
- (2) The customer can control the asset which is created by the Group's performance.
- (3) The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to receive payment in respect of performance completed to date during the whole contract period.

For a performance obligation satisfied over time, the Group shall recognize revenue over time by measuring the process towards complete satisfaction of the performance obligation and determine the progress of performance based on the percentage of completion method. If the Group is unable to reasonably measure the progress towards complete satisfaction of a performance obligation and the costs incurred by the Group can be expected to be compensated, the revenue shall be recognized according to the costs incurred until such time that it can reasonably measure the process towards complete satisfaction of the performance obligation.

For a performance obligation satisfied at a point in time, the Group shall recognize revenue when the customer obtains control of relevant goods or services. In judging whether customers obtain control of promised goods or services, the Group considers the following indications:

- (1) The Group has a present right to receive the payment in respect of the goods or services.
- (2) The Group has transferred the legal title of the goods to customers.
- (3) The Group has transferred physical possession of the goods to customers.
- (4) The Group has transferred the significant risks and rewards of the ownership of the goods to the customers.
- (5) Customers have accepted the goods or services.
- (6) Other signs indicating that customers have acquired control over the goods.

The Group's right to consideration in exchange for goods or services that it has transferred to a customer is stated as contract asset. The Group recognizes allowances for impairment loss for expected credit loss on contract assets. Receivable is the Group's unconditional right to consideration to be received from a customer. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

35. Revenue recognition principles (Continued)

Specific policies and methods for revenue recognition are as follows:

- ① Revenue from the sales of the Group's polysilicon related products is recognized when control is transferred to the purchaser. The specific revenue recognition criteria are as follows: according to the contract for polysilicon related products, after the Group's products arrive at the delivery location of the customer, the customer confirms the quantity and specifications of the products according to the contract under the "polysilicon transportation execution sheet" and signs or stamps the "polysilicon transportation execution sheet" to confirm the transfer of control of the goods, and the Company recognizes the realization of revenue. The Group bears the transportation costs and risks of the products until they arrive at the delivery location (within Mainland China only) as stipulated in the Group's polysilicon related products business contracts. Normally, transportation services are treated as a separate performance obligation after the transfer of control of the goods to the customer. Otherwise, transportation services incurred prior to the transfer of control of the goods to the customer are not a separate performance obligation promised to the customer, but are recognized as the component of the cost required to fulfill the contract, i.e., transfer of goods to the customer.
- ② For the development and construction business of wind power and PV power plants, the Group assesses contracts at their effective dates and determines whether the relevant contract performance obligations meet the condition to "performance over time".

For contracts meeting the condition to "performance over time", the Group recognizes revenue based on the contract performance progress during such period. The Group adopts the input method to determine the appropriate progress of performance, which is determined by the total actual contract cost incurred in proportion to the total estimated contract cost. When the performance progress cannot be reasonably determined, the incurred cost expected to be compensated for is recognized as revenue, until the performance progress can be reasonably determined. If the incurred cost is expected to be unrecoverable, it is recognized as expense upon occurrence, without recognizing revenue.

When the revenue from a contract can be estimated reliably, contract-related economic benefits could probably flow into the Group, the incurred contract cost can be clearly identified and reliably measured, and the percentage of completion and estimated future costs could be reliably measured, the outcome of a contract is deemed to be reasonably foreseeable and the performance progress can be reasonably determined.

If the condition to "performance over time" is not met, the Group recognizes revenue based on the transaction price specified in the contract or relevant documents when the related products are completed and delivered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

35. Revenue recognition principles (Continued)

- ③ The Group's operation business of wind power and PV power plants is recognized on the basis of the grid capacity confirmed by both purchasers and sellers, the on-grid tariff approved by the relevant state authorities and the competitive tariff.

36. Government grants

The Group's government grants include asset-related and income-related government grants. Asset-related government grants refer to those obtained by the Group and used for the acquisition or construction of long-term assets or obtainment of such assets by other means. Income-related government grants refer to those other than asset-related government grants. If no assistance object is specified in the government documents, the Group will make a judgment based on the above principles. If it is difficult to distinguish, it is integrally classified as income-related government grants.

As monetary assets, government grants that are monetary assets are measured based on the actual amounts received. For government grants the subsidies paid according to fixed quota standards, or when concrete evidence shows that relevant conditions specified in fiscal support policies can be met and the fiscal support funds can be received based on estimates at the end of the period, the government grants shall be measured based on the receivable amounts. As non-monetary assets, government grants that are non-monetary assets are measured based on their fair value; if the fair value cannot be estimated reliably, it will be measured based on nominal amount (RMB1).

Asset-related government grants are recognized as deferred income, and are distributed equally within the useful lives of the related assets and included in current profit or loss. For relevant assets that are sold, transferred, discarded or damaged before the end of their useful lives, the relevant unallocated deferred income are transferred into the profit or loss of the current period when the assets are disposed of.

Income-related government grants used to compensate for related costs or losses during future periods are recognized as deferred income, and will be included in current profit or loss during the period when they are recognized. Government grants related to daily activities are included in other income according to the nature of the economic activities. Government grants unrelated to daily activities are included in non-operating revenue.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

37. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are recognized by calculating the difference (temporary difference) between the tax base and the book value thereof. As for taxable income with deductible loss and tax deduction that can be deducted in the future as specified by tax laws, corresponding deferred income tax assets will be recognized based on the temporary difference. Deferred income tax assets and liabilities are measured at the applicable tax rate during the anticipated period for withdrawing such assets or during the period for paying off such liabilities on the balance sheet date. The Group recognizes the corresponding deferred income tax assets arising from deductible temporary difference to the extent that the amount of taxable income to be offset by the deductible temporary difference is likely to be obtained by the Group. For recognized deferred income tax assets, if it is predicted that the amount of taxable income cannot be sufficient to deduct the deferred income tax assets in a future period, the book value of deferred income tax assets will be written down. If it is possible to obtain the sufficient amount of taxable income, the amount that has been written down will be reversed.

The impact of all taxable temporary differences on income tax of the Group should be measured as per the income tax rate in the estimated reversal period, and this impact is recognized as deferred income tax liabilities.

38. Lease

(1) Identification of lease

Lease refers to a contract under which the lessor transfers the right-of-use of assets to the lessee for consideration within a certain period of time. At the commencement date of the contract, the Group assesses whether the contract is a lease or contains a lease. If a party to the contract transfers the right-of-use of an identified asset or several identified assets for consideration within a certain period of time, such contract is regarded as leasing or includes a lease. In order to determine whether the right to control the use of the identified assets within a certain period of time has been transferred in the contract, the Group assesses whether the customers in the contract are entitled to substantially all economic benefits arising from the use of the identified assets and have the right to dominate the use of identified assets during the period of use.

Where a contract concurrently contains multiple separate leases, the Group splits the contract and conducts accounting treatment respectively for all separate leases. Where a contract concurrently includes both leased and non-leased parts, the Group shall split the leased and non-leased parts and conduct accounting treatment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

38. Lease (Continued)

(2) The Group as lessee

On the beginning date of the lease term, the Group recognizes the right-of-use asset and the lease liability of the lease. The right-of-use asset is initially measured at cost, which comprises the initial measurement amount of the lease liability, the lease payments made on or before the commencement date of the lease, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the leased asset or to restore the site where the leased asset is located or restore the leased asset to its agreed condition under the terms of the lease.

- 1) The Group recognizes a right-of-use asset and a lease liability under leases as lessee.
- 2) *Changes in leases*

Changes in leases refer to the changes in the lease scope, lease consideration, and lease term other than the original contract terms, including the addition or termination of the right-of-use of one or more leased assets, and the extension or shortening of the lease period stipulated in the contract. The effective date of the lease change refers to the date both parties agreed on a lease change.

If a lease change happens and meets the following conditions, the Group will conduct accounting treatment for the lease change as a separate lease: ① the lease change expands the scope of lease by increasing the right-of-use of one or more leased assets; ② the increased consideration and the individual price of the expanded part of lease are equivalent after adjustment is made in accordance with situation of the contract.

If accounting treatment for the lease change as a separate lease is not conducted, on the effective date, the Group shall apportion the consideration of the changed contract in accordance with the relevant provisions of the lease standards, and re-determine the lease period after the change; and discount the modified lease payments using the revised discount rate, in order to remeasure the lease liabilities. When calculating the present value of the lease payments after modification, the Group adopts the interest rate implicit in the lease for the remaining lease periods as the discount rate; if the lease interest rate implicit in the lease for the remaining lease period cannot be readily determined, the lessee's incremental borrowing rate shall then be used by the Group as the discount rate on the effective date of modification of lease. In view of the consequences of the above adjustment of the lease liabilities, the Group conducts accounting treatment in each of the following cases accordingly: ① If the lease change results in a narrower scope of lease or a shorter lease term, the lessee shall reduce the book value of the right-of-use assets, and recognize the gain or loss relevant to the partial or complete termination of the lease in profit or loss for the current period; ② For other modification of lease that may lead to remeasurement of lease liabilities, the lessee adjusts the book value of the right-of-use assets accordingly.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

38. Lease (Continued)

(2) The Group as lessee (Continued)

3) Short-term leases and low-value asset leases

For short-term leases with a lease period of not more than 12 months and leases of low-value assets that have a lower value when the individual leased asset is a brand-new asset, the Group chooses not to recognize the right-of-use assets and lease liabilities. During different periods in the lease term, lease payments on short-term leases and leases of low-value assets are recognized as relevant asset costs or current profit or loss on a straight-line basis or other systematic and reasonable methods over the lease term.

(3) The Group as a lessor

Based on assessment as stated in (1), if the contract is lease or includes lease, such lease for which the Group is a lessor are classified as finance or operating on the lease commencement date.

A lease classified as a finance lease by lessor if it transfers substantially all the risks and rewards incidental to the ownership of a leased asset. Other leases other than finance leases shall be classified as operating leases.

A lease is usually classified as a finance lease by the Group when one or more of the following conditions are satisfied: ① At the expiration of the lease term, the ownership of the leased asset is transferred to the lessee; ② The lessee has the option to purchase the leased asset. The purchase price entered into is sufficiently low compared to the fair value of the leased asset when the option is exercised. Therefore, it can be reasonably determined at the commencement date of the lease that the lessee will exercise the option; ③ Although the ownership of the asset is not transferred, the lease term accounts for the majority of the useful life of the leased asset (not shorter than 75% of the useful life of the leased asset); ④ On the commencement date of the lease, the present value of the lease receivable amount is basically equivalent to the fair value of the leased asset (not lower than 90% of the fair value of the leased asset); ⑤ The leased asset is special in nature. If no major modifications are made to it, only the lessee can use them. If one or more of the following conditions exist in a lease, the Group may also classify it as a finance lease: ① If the lessee terminates the lease, the lessee shall bear the losses caused by the termination of the lease to the lessor; ② The profits or losses caused by the fluctuation of the fair value of the balance of assets belong to the lessee; ③ The lessee can continue to lease far below the market level for the next period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

38. Lease (Continued)

(3) The Group as a lessor (Continued)

1) *Accounting treatment for finance leases*

Initial measurement

At the beginning of the lease term, the Group recognizes the finance leases receivable on the finance leases and terminates the recognition of the finance leases assets. When the initial measurement of the finance leases receivable is made by the Group, the Group uses the net lease investment as the entry value of the finance lease receivables.

The net lease investment is the sum of the unguaranteed residual value and the present value of rental receipts that has not been received on the start date of the lease term, which is discounted according to the interest rate implicit in lease. The amount of the lease receivable refers to the amount that the lessor should collect from the lessee for the purpose of transferring the right-of-use of the leased asset during the lease term, including: ①The fixed payment amount and the substantial fixed payment amount to be paid by the lessee, if there is a lease incentive, the amount related to the lease incentive is deducted; ②Variable lease payments depending on the index or ratio, and such amounts, are determined at the initial measurement based on the index or ratio at the beginning of the lease term; ③The exercise price of the purchase option, provided that it is reasonably determined that the lessee will exercise the option; ④The amount to be paid by the lessee for the termination of the lease option, provided that it's reflected the lessee will exercise the option to terminate the lease during the lease term; ⑤The residual value of the guarantee provided to the lessor by the lessee, a party concerned with the lessee and an independent third party with the financial ability to perform the guarantee obligation.

Subsequent measurement

The Group calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. Such periodic interest rate refers to the discount rate implicit in lease used to determine the net lease investment. In the case of intermediate lease, if it is impossible to determine the discount rate implicit in lease under such intermediate lease, discount rate of the original lease shall be adopted and adjustments shall be made based on initial direct costs of such intermediate lease. For a finance leases change that is not accounted for as a separate lease, if the lease is classified as a finance leases when the change becomes effective on the lease start date, its discount rate shall be revised according to relevant regulations.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

38. Lease (Continued)

(3) The Group as a lessor (Continued)

1) *Accounting treatment for finance leases (Continued)*

Accounting treatment for lease changes

If a finance lease changes and meets the following conditions, the Group will account for the change as a separate lease for accounting treatment: ① The modification expands the scope of the lease by increasing the right to use one or more leased assets; ② The increased consideration is equal to the individual price of the expanded portion of the lease, as adjusted by the contractual situation.

For a finance leases modification that is not accounted for as a separate lease, if the lease is classified as an operating leases when the change becomes effective on the lease start date, the Group begins accounting as a new lease from the effective date of the lease change and uses the net lease investment before the effective date of the lease change as the book value of the leased asset.

2) *Accounting treatment for operating leases*

Treatment of lease payment

Rental receipts under an operating leases are recognized as rental income on a straight-line basis over the period of the lease.

Incentive measures provided

Total rental of the Group is recognized on a straight-line basis over the period of the lease, without excluding the rent-free period, and rental fees are recognized during the rent-free period. If the Group has undertaken certain expenses of the lessee, the expenses will be deducted from the total rental income, and the rental income will be allocated according to the balance of the rental income after deduction.

Initial direct costs

The initial direct costs incurred by the Group in relation to the operating leases shall be capitalized as the costs of the subject leased asset and apportioned on the same basis as the rental income recognition during the lease term, and included in profit or loss for the current period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

38. Lease (Continued)

(3) The Group as a lessor (Continued)

2) *Accounting treatment for operating leases (Continued)*

Depreciation

For fixed assets in operating leases, the Group measures the depreciation in accordance with depreciation policies for similar assets; for other operating leases assets, the Group adopts a systematic and reasonable method on amortization.

Variable lease payments

The variable lease payments received by the Group that are not included in the lease receivables related to the operating leases are recognized in profit or loss in the period in which they are actually incurred.

Operating lease changes

The Group accounts for a modification to an operating leases as a new lease from the effective date of the modification, and any rental receipts received in advance or receivable relating to the original lease are considered as part of the lease receipts for the new lease.

39. Held-for-sale

- (1) The Group classifies non-current assets or disposal groups that meet the following criteria as held-for-sale: 1) they are ready for immediate sale under current conditions based on the practice of selling such assets or disposal groups in similar transactions; 2) it is highly probable that the sale will occur; that is, a decision has been made on a plan to sell and an undertaking to purchase has been obtained, and the sale is expected to be completed within a year. Relevant approval is required for sales requiring approval of relevant authorities or regulators as stipulated by relevant regulations. Before the Group classifies non-current assets or disposal groups as held for sale for the first time, the book value of each asset and liability of the non-current assets or disposal groups is measured according to the requirements of the relevant accounting standards. On initial measurement or remeasurement on the balance sheet date of a non-current asset or disposal group held-for-sale, where its book value is higher than the net value of its fair value less disposal expenses, its book value is written down to its fair value less disposal expenses, and the amount of the write-down is recognized as an impairment loss on the asset and charged to current profit or loss, together with a provision for impairment of assets held-for-sale, and at the same time, provision is made for impairment of assets held for sale.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

39. Held-for-sale (Continued)

- (2) Non-current assets or disposal groups acquired by the Group specifically for resale which satisfy the requirement of “expected completion of sale within one year” on the date of acquisition, and are probable to meet other conditions for classification as held-for-sale in the short term (usually within 3 months) are classified as held-for-sale on the date of acquisition. At initial measurement, the amount of the initial measurement assuming that it is not classified as held-for-sale and the net value of its fair value less sales expenses are compared, and the lower of the two is measured. Other than non-current assets or disposal groups acquired through corporate merger, the difference arising from recognizing the net value of the fair value of non-current assets or disposal groups less sales expenses as initial measurement is recognized in profit and loss in the current period.
- (3) Where the Group has lost control of a subsidiary due to reasons such as disposal of investment in a subsidiary, regardless of the Group retaining part equity investment after the disposal, upon the investment in a subsidiary intended to be disposed of satisfying the conditions for classification as held-for-sale, the investment in a subsidiary will be generally classified as held-for-sale in the parent’s separate financial statements, and all assets and liabilities of the subsidiary are classified as held-for-sale in the consolidated financial statements.
- (4) Where there is an increase in the net value of fair value less sales expenses for non-current assets held-for-sale on subsequent balance sheet dates, the previously charged difference should be recovered and reversed in asset impairment loss recognized after classification as held-for-sale investment, with the reversal amount recognized in profit and loss in the current period. Asset impairment loss recognized before classification as held-for-sale investment is not reversible.
- (5) Asset impairment loss recognized for disposal groups held-for-sale is first offset against the its book value of goodwill of the disposal groups and then offset against the book values proportionally according to the share of book value of each non-current asset.

Where there is an increase in the net value of the fair value less sales expenses of disposal groups held-for-sale at a subsequent balance sheet date, the previously charged difference should be recovered and reversed in asset impairment loss of non-current assets recognized as required by the appropriate relevant measurement after classification as held-for-sale investment, with the reversal amount recognized in profit and loss in the current period. Offset goodwill book value and asset impairment loss recognized before classification of non-current assets as held-for-sale investment are not reversible.

Reversal amount after recognition of asset impairment loss of disposal groups held-for-sale other than goodwill in the disposal groups should be added proportionally based on the book value share to the book value of each non-current asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

39. Held-for-sale (Continued)

- (6) No provision for depreciation or amortization of non-current assets held-for-sale non-current assets or disposal groups, and interest on liabilities and other expenses of disposal groups held as available for sale continues to be recognized.
- (7) When non-current assets or disposal groups held for sale are no longer classified as held as available for sale or non-current assets are removed from disposal groups held-for-sale, measurement is performed based on the lower of the following: 1) book value prior to classification as held-for-sale adjusted by recognition of depreciation, amortization or impairment assuming there is no classification as held-for-sale; 2) recoverable amount.
- (8) Upon derecognition of non-current assets or disposal groups held for sale, unrecognized gain or loss is recognized in profit or loss in the current period.

40. Hedge accounting

The Group formally designates the hedging instrument and the hedged item at the beginning of the hedge, and prepares written documents on the hedging relations and the Group's risk management strategies and risk management objectives for engaging in the hedge. The written documents shall at least include the hedging instrument, the hedged item, the nature of the hedged risk and the method of assessing hedge effectiveness, etc. In addition, the Group continuously evaluates the hedge effectiveness at the beginning of the hedge and in subsequent periods.

The Group applies cash flow hedge accounting to hedges of expected transactions that satisfy the prescribed conditions and accounts for them as follows:

If a hedging instrument is designated as a cash flow hedge and satisfies relevant conditions, the portion of the gain or loss arising from the hedge that is effective is recorded as a cash flow hedge reserve in other comprehensive income, and the portion of the hedge that is ineffective is included in profit or loss for the current period.

When an expected transaction results in the Group subsequently recognizing a non-financial asset or non-financial liability, or when an expected transaction of a non-financial asset or non-financial liability creates a determined commitment that is applicable to fair value hedge accounting, the Group transfers out the amount of the cash flow hedge reserve originally recognized in other comprehensive income to the amount initially recognized for that asset or liability. For cash flow hedges other than these, the Group transfers out the amount of the cash flow hedge reserve originally recognized in other comprehensive income to profit or loss for the current period in which the expected cash flows being hedged affect profit or loss.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

40. Hedge accounting (Continued)

If all or part of the net loss originally included in other comprehensive income is not expected to be recovered in future accounting periods, the portion that is not recovered is transferred out to profit or loss for the current period.

When the Group ceases to apply a hedge accounting to a cash flow hedge, the cumulative cash flow hedge reserve, which is included in other comprehensive income, is retained for as long as future cash flows are expected to continue to occur and is transferred out of other comprehensive income to profit or loss for the current period when future cash flows are no longer expected to occur.

41. Accounting for income tax

Income tax is accounted for using the liability method. Income tax expenses represent the sum of current income tax and deferred income tax. Current income tax and deferred income tax relating to the transactions and matters that are directly recorded in shareholders' equity are dealt with in shareholders' equity. Deferred tax income arising from business merger is adjusted to the carrying value of goodwill. Expenses or income of all other current income tax and deferred income tax are recognized in profit or loss for the current period.

The current income tax payable is the amount of tax payable to taxation authority by the enterprises, i.e. income tax payable, calculated and determined in accordance with tax regulations for transactions and events occurring during the year. The deferred income tax is the difference between the balances of the deferred income tax assets and deferred income tax liabilities that should be recognized using the balance sheet liabilities approach at the end of the year and their balances originally recognized.

42. Other comprehensive income

Other comprehensive income refers to the gains and losses not recognized in profit or loss for the current period in accordance with other accounting standards. The Group presents other comprehensive income by the following two groups in accordance with other relevant accounting standards:

- (1) Other comprehensive income items not eligible to be re-classified as profit or loss in the subsequent accounting periods mainly include the changes caused by remeasurement and redefinition of net liabilities or net assets of benefit plans and the Group's share in the other comprehensive income not eligible to be reclassified as profit or loss in the subsequent accounting periods of the investee and accounted for using the equity method;

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

42. Other comprehensive income (Continued)

- (2) Other comprehensive income items to be reclassified as profit or loss in the subsequent accounting periods upon the satisfaction of stipulated conditions mainly include the Group's share in the other comprehensive income to be reclassified as profit or loss in the subsequent accounting periods of the investee upon the satisfaction of stipulated conditions and accounted for using the equity method, gains or losses arising from changes in the fair value of held-for-sale financial assets, gains or losses arising from the reclassification of held-to-maturity investments to held-for-sale financial assets, such a portion of the gains or losses arising from cash flow hedges instrument as may be attributable to effective hedging activities, difference in translation of financial statements in foreign currency, etc.

43. Discontinued operation

The Group recognizes a discontinued operation component as a separately distinguishable component if one of the following conditions is met and the component has been disposed of or classified as held-for-sale: (1) the component represents an independent main business or a separate major business area; (2) the component is part of an associated plan to dispose of a separate major business or a separate major operating area; (3) this component is a subsidiary that is specifically acquired for resale.

Gains or losses on operation and disposal such as impairment losses from discontinued operation and reversal are presented in the income statement as operating profit or loss in discontinued operation.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

44. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies:

The content and reasons for changes in accounting policies	Remark
On 30 December 2021, the MOF issued the Interpretation of CASBE 15 Cai Kuai [2021] No. 35, which adjusted 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	Description 1
In November 2021, the MOF issued the Interpretation of CASBE 16, which revised the scope of deferred income tax initial recognition exemption in CASBE 18 — Income tax.	Description 2

Description 1: According to the Interpretation of CASBE 15 Cai Kuai [2021] No. 35 (the “CASBE 15”) issued by the MOF on 30 December 2021, 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 profit or loss for the current period. 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.

Description 2: In accordance with the requirements of Interpretation of CASBE 16 issued by the MOF in November 2022, the exemption from initial recognition of deferred income tax is not applicable to transactions that are not business combinations and do not affect either the accounting profit or taxable income (or deductible losses) at the time of the transaction and result in equal amounts of taxable temporary differences and deductible temporary differences arising from the assets and liabilities arising from a single transaction. For the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities for the above transactions, enterprises should recognize the corresponding deferred income tax liabilities and deferred income tax assets upon the occurrence of the transactions in accordance with CASBE 18 — Income tax, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

44. Changes in significant accounting policies and accounting estimates (Continued)

(1) Changes in significant accounting policies: (Continued)

The Group has the legal right to settle the current deferred income tax assets and current deferred income tax liabilities on a net basis as a result of the difference in the carrying value of the right-of-use assets and lease liabilities arising from the amortization of unrecognized financing costs using the effective interest method, and the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, satisfying the requirements of Interpretation of CASBE 2010 to present deferred income tax assets and deferred income tax liabilities on a net basis after offsetting.

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

(2) Changes in significant accounting estimates: Nil.

V. TAXATION

1. The main types and rates of taxes applicable to the Group are as follows:

Type of taxes	Tax basis	Tax rate
Value-added tax	Value added amount from sales of goods and provision of taxable services	13%, 9%, 6%, 3%,
City maintenance and construction tax	Actual amount of turnover tax paid	7%, 5%, 1%
Education surcharge	Actual amount of turnover tax paid	3%
Local educational surcharge	Actual amount of turnover tax paid	2%
Enterprise income tax	Taxable income	25%, 20%, 15%

V. TAXATION (Continued)

2. Tax preference and approvals

(1) Value-added tax

According to the Announcement of the MOF, the State Administration of Taxation and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (Announcement [2019] No. 39 of the MOF, the State Taxation Administration and the General Administration of Customs), Xinjiang Xinte Xinneng Materials Co., Ltd., Xinjiang Information Technology Co., Ltd., subsidiaries of the Company, as taxpayers of production service industry, shall deduct the tax payable by 10% of the current deductible input tax amount from 1 April 2019 to 31 December 2021. According to the Announcement of the MOF and the State Administration of Taxation on VAT Policies for Promoting the Bailout and Development of Difficult Industries in the Service Industry (Announcement [2022] No. 11 of the MOF, the State Taxation Administration and the General Administration of Customs), the Article 7 of the Announcement of the MOF, the State Taxation Administration, and the General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform (Announcement [2019] No. 39 of the MOF, the State Taxation Administration and the General Administration of Customs) and the Announcement of the MOF and the State Taxation Administration on Clarifying the Policies for the Supertax and Deduction of VAT in the Life Service Industry (Announcement [2019] No. 87 of the MOF and the State Taxation Administration) stipulated that the policies for the superposition and deduction of VAT in the production and life service industries shall be implemented and extended until 31 December 2022.

According to the Notice of the MOF and the State Administration of Taxation on the Issuance of the Catalogue on Products and Labour Services relating to Comprehensive Utilisation of Resources Eligible for Concessions of Value-added Tax (Cai Shui [2015] No. 78), the policy of 70% instant refund of value-added tax shall be implemented for the sales of self-produced products by taxpayers included in the Catalogue attached to the Notice. The production and sale of autoclaved aerated concrete blocks by Xinjiang Xinte Energy Construction Material Co., Ltd., a subsidiary of the Company, meets the condition that more than 70% of the raw materials of bricks, tiles, blocks and other products in the catalogue come from industrial waste, and enjoys the policy of 70% instant refund of value-added tax.

According to the Notice of the MOF and the State Administration of Taxation on Value-added Tax Policies for Software Products (Cai Shui [2011] No. 100), there are embedded software products in the goods sold by TBEA Xi'an Electrical Technology Co., Ltd., a subsidiary of the Company. On 17 July 2019, TBEA Xi'an Electrical Technology Co., Ltd. obtained the Tax Eligibility Form for the instant refund of value-added tax on software products from the Tax Bureau of Xi'an High-tech Development Zone of the State Administration of Taxation, and enjoys the preferential policy of instant refund of embedded software value-added tax for the part of the actual tax burden exceeding 3% since July 2019.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

V. TAXATION (Continued)

2. Tax preference and approvals (Continued)

(1) Value-added tax (Continued)

According to the Circular of the MOF and the State Administration of Taxation on Value-Added Tax Policy for Wind Power Generation (Cai Shui (2015) No. 74), since 1 July 2015, the policy of 50% instant refund of value-added tax is implemented for the sale of electricity products generated by wind power produced by taxpayers. The Company's subsidiary, Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司) applied for the preferential policy of 50% levy and refund of VAT in 2022.

According to the Announcement of the MOF, the State Administration of Taxation and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (Announcement [2019] No. 39 of the MOF, the State Taxation Administration and the General Administration of Customs), the Announcement of the MOF and the State Administration of Taxation on Further Strengthening the Implementation of Policies for Period-end Uncredited Value-Added Tax Refund (Announcement [2022] No. 14 of the MOF and the State Taxation Administration), the taxpayers who meet the requirements of both announcements may apply to the competent tax authorities for refund of the newly-added credits. The subsidiaries of the Company, including Xinjiang Crystal Silicon High Technology Co., Ltd (新疆晶體硅高科技有限公司), Xinjiang Jingshuo New Materials Co., Ltd. (新疆晶碩新材料有限公司), Xinjiang Xinte Energy Logistic Co., Ltd. (新疆新特能源物流有限公司), Xinjiang Xinte Xinneng Materials Co., Ltd. (新疆新特新材料檢測中心有限公司), Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司), Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司), Ruicheng County Huiyuan Power Generation Co., Ltd. (芮城縣輝源發電有限責任公司), Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. (圖木舒克東潤環能光伏發電有限公司), Zhidan County Xinsheng PV Technology Co., Ltd. (志丹縣新晟光伏科技有限公司), Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限責任公司), Xi'an Guangcheng Electricity Sales Co., Ltd., (西安光成售電有限公司), Wuqi County Huaguang New Energy Co., Ltd. (吳起縣華光新能源有限公司), Heqing Huineng Power Generation Co., Ltd. (鶴慶匯能發電有限責任公司), Shaanxi TBEA New Energy Co., Ltd. (陝西特變電工新能源有限公司), Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司), Xi'an TBEA Electric Power Design Co., Ltd. (西安特變電工電力設計有限責任公司), TBEA Xi'an Flexible Power Transmission & Distribution Co., Ltd. (特變電工西安柔性輸配電有限公司), Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新園新能源有限公司) complied with the above preferential policies and applied for the tax refund in 2022.

V. TAXATION (Continued)

2. Tax preference and approvals (Continued)

(2) Enterprise income tax

1) *Preferential tax treatment for hi-tech enterprises*

According to the Notice of the Ministry of Science and Technology, the MOF and the State Administration of Taxation on the Revision and Issuance of the Administrative Measures for Determination of High-Tech Enterprises (Guo Ke Fa Huo [2016] No. 32), the Company was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Bureau of Xinjiang Uygur Autonomous Region, with the certificate number GR202065000004, issued on 19 October 2020, valid for three years, and the enterprise income tax rate of 15% of the Company for 2022.

According to the Notice of the Ministry of Science and Technology, the MOF and the State Administration of Taxation on the Revision and Issuance of the Administrative Measures for Determination of High-Tech Enterprises (Guo Ke Fa Huo [2016] No. 32), Xinjiang Jingshuo New Materials Co., Ltd. (新疆晶碩新材料有限公司), a subsidiary of the Company, was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Bureau of Xinjiang Uygur Autonomous Region, with the certificate number GR202265000110, issued on 12 October 2022, valid for three years, and the enterprise income tax rate of 15% of Xinjiang Jingshuo New Materials Co., Ltd. for 2022.

According to the Notice of the Ministry of Science and Technology, the MOF and the State Administration of Taxation on the Revision and Issuance of the Administrative Measures for Determination of High-Tech Enterprises (Guo Ke Fa Huo [2016] No. 32), Xinjiang Xinte Xinneng Materials Co., Ltd., a subsidiary of the Company, was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Bureau of Xinjiang Uygur Autonomous Region, with the certificate number GR202065000064, issued on 19 October 2020, valid for three years, and the enterprise income tax rate of 15% for 2022.

According to the Notice of the Ministry of Science and Technology, the MOF and the State Administration of Taxation on the Revision and Issuance of the Administrative Measures for Determination of High-Tech Enterprises (Guo Ke Fa Huo [2016] No. 32), Xinjiang Xinte Energy Construction Material Co., Ltd., a subsidiary of the Company, was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Bureau of Xinjiang Uygur Autonomous Region, with the certificate number GR202065000038, issued on 19 October 2020, valid for three years, and the enterprise income tax rate of 15% for 2022.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

V. TAXATION (Continued)

2. Tax preference and approvals (Continued)

(2) Enterprise income tax (Continued)

2) *Preferential tax treatment for exploration and development of the western region*

According to Announcement of the State Administration of Taxation on Issues Relating to Enterprise Income Tax Pertaining to Implementation of the Catalogue of Encouraged Industries in Western Region and Cai Shui [2011] No. 58, the enterprises, whose principal business is the new encouraged industry included in the Catalogue of Encouraged Industries in Western China and revenue from main operations for the year accounts for over 70% of total revenue, are entitled to a preferential enterprise income tax rate of 15% since 1 October 2014. In addition, according to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region (MOF Notice [2020] No. 23) by the MOF, the State Administration of Taxation and the NDRC, enterprise income tax will be levied at a reduced rate of 15% on enterprises located in the western region in the encouraged industries from 1 January 2021 to 31 December 2030. The enterprises in encouraged industries stated in this provision refer to those whose main business belongs to the industries and projects as set out in the Catalogue of Encouraged Industries in Western Region and whose main business income accounts for more than 60% of the total income of the enterprise. The subsidiaries entitled to the above preferential documents include Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司), Inner Mongolia Xinte Silicon Materials Co., Ltd.* (內蒙古新特硅材料有限公司), TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司), Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司), Naiman Banner Huite PV Power Generation Co., Ltd. (奈曼旗匯特光伏發電有限責任公司), Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. (圖木舒克東潤環能光伏發電有限公司), TBEA Xi'an Electrical Technology Co., Ltd. (特變電工西安電氣科技有限公司), TBEA Xi'an Flexible Power Transmission & Distribution Co., Ltd. (特變電工西安柔性輸配電有限公司), Xi'an TBEA Electric Power Design Co., Ltd. (西安特變電工電力設計有限責任公司), Xi'an Purui Xinte Energy Co., Ltd. (西安普瑞新特能源有限公司), Shaanxi TBEA New Energy Co., Ltd. (陝西特變電工新能源有限公司), Habahe County Xinte Wind Power Co., Ltd. (哈巴河縣新特風電有限公司), Hami Huafeng New Energy Power Generation Co., Ltd. (哈密華風新能源發電有限公司), Heqing Huineng Power Generation Co., Ltd. (鶴慶匯能發電有限責任公司), Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司), Yun County Huineng Power Co., Ltd. (雲縣匯能發電有限責任公司), Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司), Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司), Mulei County Jiayu Fengsheng Power Generation Co., Ltd. (木壘縣嘉裕風晟發電有限公司), Mulei County Xinte Huineng Power Generation Co., Ltd. (木壘縣新特匯能發電有限責任公司), Wuqi County Huaguang New Energy Co., Ltd. (吳起縣華光新能源有限公司), Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新園新能源有限公司), Zhengxiangbai Banner Fengsheng Power Generation Co., Ltd. (正鑲白旗風盛發電有限公司) and Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

V. TAXATION (Continued)

2. Tax preference and approvals (Continued)

(2) Enterprise income tax (Continued)

3) Preferential enterprise income tax treatment for public infrastructure projects

According to the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China, Cai Shui [2008] No. 46, Cai Shui [2008] No. 116, Guo Shui Fa [2009] No. 80 and other documents, incomes from investments in and operation of public infrastructure projects that satisfy the scope, conditions and standards specified in the Catalogue of Public Infrastructure Projects Enjoying Preferential Enterprise Income Tax (Caishui [2008] No. 46) (the "Catalogue") shall, commencing from the taxable year in which such project receives its first business income, be exempted from enterprise income tax from the first year to the third year, and be entitled to a 50% reduction in enterprise income tax from the fourth year to the sixth year. The companies that are entitled to the above preferential enterprise income tax treatment are shown as the following table:

Name of company	Exemption period of income tax	50% reduction-period of income tax	Remarks
Ruicheng County Huiyuan Power Generation Co., Ltd. (芮城縣輝源發電有限責任公司)	2017-2019	2020-2022	
Xi'an Guangcheng Electricity Sales Co., Ltd., (西安光成售電有限公司)	2018-2020	2021-2023	
Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限責任公司)	2018-2020	2021-2023	
Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司)	2017-2019	2020-2022	
Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司)	2018-2020	2021-2023	
Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司)	2019-2021	2022-2024	
Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新圓新能源有限公司)	2021-2023	2024-2026	
Zhengxiangbai Banner Fengsheng Power Generation Co., Ltd. (正鑲白旗風盛發電有限公司)	2021-2023	2024-2026	
Mulei County Jiayu Fengsheng Power Generation Co., Ltd. (木壘縣嘉裕風晟發電有限公司)	2021-2023	2024-2026	
Chongren County Huafeng Power Generation Co., Ltd. (崇仁縣華風發電有限公司)	2021-2023	2024-2026	
Mulei County Xinte Huineng Power Generation Co., Ltd. (木壘縣新特匯能發電有限責任公司)	2021-2023	2024-2026	

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

V. TAXATION (Continued)

2. Tax preference and approvals (Continued)

(2) Enterprise income tax (Continued)

3) Preferential enterprise income tax treatment for public infrastructure projects (Continued)

Name of company	Exemption period of income tax	50% reduction-period of income tax	Remarks
Heze Mudan District Haofeng New Energy Co., Ltd. (菏泽市牡丹區浩風新能源有限公司)	2021–2023	2024–2026	
Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司)	2021–2023	2024–2026	
Wuqi County Huaguang New Energy Co., Ltd. (吳起縣華光新能源有限公司)	2021–2023	2024–2026	
Zhidan County Xinsheng PV Technology Co., Ltd. (志丹縣新晟光伏科技有限公司)	2020–2022	2023–2025	
Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司)	2021–2023	2024–2026	
Dunhuang Teneng New Energy Co., Ltd. * (敦煌市特能新能源有限公司)	2022–2024	2025–2027	
Hami Zhenchao Wind Power Co., Ltd. (哈密市振超風力發電有限公司)	2022–2024	2025–2027	
Luyi Fengyi Power Co., Ltd. (鹿邑縣風易發電有限公司)	2022–2024	2025–2027	
Xuyi High Drive Wind Power Co., Ltd. (盱眙高傳風力發電有限公司)	8MW: 2019–2021 72MW: 2021–2023	8MW: 2022–2024 72MW: 2024–2026	

V. TAXATION (Continued)

2. Tax preference and approvals (Continued)

(2) Enterprise income tax (Continued)

4) *Preferential tax treatment for small and low-profit enterprises*

According to the Notice of Implementing Inclusive Tax Relief Policy for Small and Micro-sized Enterprises (Cai Shui [2019] No. 13) issued by the MOF and the State Administration of Taxation, from 1 January 2019 to 31 December 2021, small-scale VAT taxpayers with monthly sales of up to RMB100,000 (inclusive) shall be exempted from VAT for further supporting the development of small and low-profit enterprises; for the part of small and low-profit enterprises whose annual taxable income does not exceed RMB1 million, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%; for the part of annual taxable income exceeding RMB1 million but not exceeding RMB3 million, it shall be included in the taxable income at a reduced rate of 50% and the enterprise income tax shall be paid at the tax rate of 20%. According to the Notice of the State Administration of Taxation on Issues Concerning the Implementation of Preferential Income Tax Policies to Support the Development of Small and Low-Profit Enterprises and Individual Business (SAT Notice [2021] No. 8), from 1 January 2021 to 31 December 2022, for the part of small and low-profit enterprises whose annual taxable income does not exceed RMB1 million, 12.5% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. According to the Announcement of the MOF and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Announcement of the MOF and the SAT [2022] No. 13), for the part of small and low-profit enterprises whose annual taxable income exceeding RMB1 million but don't exceed RMB3 million, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. Xinjiang Information Technology Co., Ltd. (新疆知信科技有限公司), Xinjiang Changhe Yangguang Property Services Co., Ltd. (新疆昌和陽光物業服務有限公司), Xinjiang Shahai Green Energy Services Co., Ltd. (新疆沙海綠色能源服務有限公司), Xinjiang Silicon-based New Material Innovation Center Co., Ltd. (新疆硅基新材料創新中心有限公司), Urumqi Strategic Emerging Industry Xinte Energy Leading Fund (LLP) (烏魯木齊戰略性新興產業新特能源引導基金(有限合夥)), Urumqi Huaguang Guangsheng Power Technology Co., Ltd. (烏魯木齊華光光盛電力科技有限公司) and Binzhou Zhanhua Guangsheng New Energy Co., Ltd. (濱州市沾化區廣盛新能源有限公司), subsidiaries of the Company, are eligible for the preferential tax policies for small and Micro-sized enterprises, with the enterprise income tax levied at the applicable tax rate for small and Micro-sized enterprises in 2022.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

V. TAXATION (Continued)

2. Tax preference and approvals (Continued)

(2) Enterprise income tax (Continued)

5) *Tax incentives for newly purchased equipment and appliances for high-tech enterprises*

According to the Announcement of the MOF, the State Administration of Taxation, and the Ministry of Science and Technology on Increasing the Pre-tax Deduction in Support of Scientific and Technological Innovation (Announcement No. 28 of the MOF, the State Administration of Taxation, and the Ministry of Science and Technology in 2022), new equipment and tools purchased by high-tech enterprises during the period from 1 October to 31 December 2022 are allowed to be deducted in full in the calculation of taxable income in the current year, and 100% additional deduction is allowed before tax. The Company and its subsidiaries, Xinjiang Jingshuo New Materials Co., Ltd. (新疆晶碩新材料有限公司), Xinjiang Crystal Silicon High Technology Co., Ltd (新疆晶體硅高科技有限公司), Xinjiang Xinte Xinneng Materials Co., Ltd. (新疆新特新材料檢測中心有限公司), TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司), Xi'an TBEA Electric Power Design Co., Ltd. (西安特變電工電力設計有限責任公司), and TBEA Xi'an Electrical Technology Co., Ltd. (特變電工西安電氣科技有限公司), complied with the tax preferential policy and enjoyed the tax preferential policy in 2022.

6) *One-time tax deduction for newly purchased equipment and appliances with a unit value of less than RMB5 million*

According to the of the MOF and the State Administration of Taxation on Enterprise Income Tax Deductions for Equipment and Appliances' (Cai Shui [2018] No. 54), if the unit value of the newly purchased equipment and appliances purchased by an enterprise during the period from 1 January 2018 to 31 December 2020 does not exceed RMB5 million, it shall be allowed to be included in the current cost at one time and deducted when calculating the taxable income, and depreciation shall no longer be calculated on an annual basis. In accordance with the Notice of the MOF and State Administration of Taxation on extending the implementation period of some preferential tax policies (announcement No. 6 of MOF and the State Administration of Taxation in 2021), the implementation period of the above policies is extended to 31 December 2023. The Company and its subsidiaries, Xinjiang Jingshuo New Materials Co., Ltd. (新疆晶碩新材料有限公司), Xinjiang Crystal Silicon High Technology Co., Ltd (新疆晶體硅高科技有限公司), Xinjiang Xinte Xinneng Materials Co., Ltd. (新疆新特新材料檢測中心有限公司), and Mongolia Xinte Silicon Materials Co., Ltd.* (內蒙古新特硅材料有限公司) complied with the tax preferential policy and enjoyed the tax preferential policy in 2022.

V. TAXATION (Continued)

2. Tax preference and approvals (Continued)

(2) Enterprise income tax (Continued)

- 7) *Tax preference for Equipment specialized for environmental protection, energy conservation and safety*

Pursuant to the Notice on Issues Concerning the Implementation of the Catalogue of Enterprise Income Tax Preference for Equipment specialized for Environmental Protection, the Catalogue of Enterprise Income Tax Preference for Equipment specialized for Energy and Water Conservation and the Catalogue of Enterprise Income Tax Preference for Equipment specialized for Production Safety (Cai Shui [2008] No. 48) (《關於執行環境保護專用設備企業所得稅優惠目錄、節能節水專用設備企業所得稅優惠目錄和生產安全專用設備企業所得稅優惠目錄有關問題的通知》(財稅[2008]48號)) issued by the MOF, the State Administration of Taxation, since 1 January 2008, enterprises that purchase and actually use the equipment specialized for environmental protection, energy and water conservation and production safety included in the scope of the “Catalogue” can get a credit of 10% of the investment amount of the special equipment against the corporate income tax payable in that year; if the tax payable in that year is not enough for the credit, it can be carried forward to future years, but the carry forward period cannot exceed 5 tax years. The environmental protection and energy-saving equipment purchased by the Company’s subsidiary, Mongolia Xinte Silicon Materials Co., Ltd.* (內蒙古新特硅材料有限公司) in 2022 fell within the scope of the Catalogue and was credited against corporate income tax payable in 2022.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements

For the data of consolidated financial statements disclosed below; unless otherwise indicated; “opening” or “beginning of the year” represents 1 January 2022; “closing” or “end of the year” represents 31 December 2022; “current year” represents the year from 1 January to 31 December 2022; “previous year” represents the year from 1 January to 31 December 2021; all figures are stated in RMB.

1. Monetary capital

Items	Closing balance	Opening balance
Cash in hand	0.00	0.00
Bank deposits	3,409,764,114.29	3,192,107,888.60
Other monetary capital	1,785,687,862.42	2,186,904,067.03
Total	5,195,451,976.71	5,379,011,955.63
Including: Total amount deposited overseas	98,930,098.85	52,157,920.02

Restricted monetary capital

Items	Closing balance	Opening balance
Security deposits for bank acceptance notes	1,514,075,083.80	863,957,293.09
Term deposits and call deposits	0.00	1,201,755,007.71
Futures margin	29,021.00	0.00
Security deposits for the letter of guarantee	82,456,270.62	63,667,144.00
Funds frozen by the court	33,864,931.18	32,550,000.00
Special funds under shared accounts	139,793,342.85	18,042,575.09
Foreign exchange margin	3,136,165.74	6,501,706.50
Margin and deposits for bank credit letter	0.00	430,340.64
Margin and deposits for land rehabilitation	12,333,047.23	0.00
Total	1,785,687,862.42	2,186,904,067.03

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

2. Financial assets held for trading

Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss	66,798,941.06	76,985,909.10
Including: Investments in equity instruments	66,798,941.06	74,181,946.75
Investments in derivative instruments	0.00	2,803,962.35
Total	66,798,941.06	76,985,909.10

Notes: (1) Investments in equity instruments represent equity investments held and are accounted for as financial assets at fair value through profit or loss and presented as financial assets held for trading in accordance with management's intention;

(2) Derivative financial assets represent the amount of unsettled forward exchange settlements held by the Company.

3. Notes receivable

(1) Notes receivable by category

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

3. Notes receivable (Continued)

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

Items	Pledged amount at the end of the year
Bank acceptance notes	147,189,861.60

(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	0.00	629,976,470.03
Trade acceptance notes	0.00	0.00
Total	0.00	629,976,470.03

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

Nil.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

3. Notes receivable (Continued)

(5) Method of provision for bad debts by category

Category	Book balance		Closing balance Provision for bad debts		Carrying amount
	Amount	Percentage	Amount	Provision percentage	
		(%)		(%)	
Bad debt provision made on individual basis	0.00	0.00	0.00	0.00	0.00
Bad debt provision made on a collective basis	2,120,635,168.46	100.00	21,206,351.68	1.00	2,099,428,816.78
Including: Bank acceptance notes	2,110,042,090.46	99.50	21,100,420.90	1.00	2,088,941,669.56
Trade acceptance notes	10,593,078.00	0.50	105,930.78	1.00	10,487,147.22
Total	2,120,635,168.46	100.00	21,206,351.68	–	2,099,428,816.78

Category	Book balance		Opening balance Provision for bad debts		Carrying amount
	Amount	Percentage	Amount	Provision percentage	
		(%)		(%)	
Bad debt provision made on individual basis	0.00	0.00	0.00	0.00	0.00
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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

3. Notes receivable (Continued)

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

Category	Opening balance	Accrued	Changes of the year		Others	Closing balance
			Recovered or reversed	Carry-forward or written off		
Bank acceptance notes	17,411,443.77	3,688,977.13	0.00	0.00	0.00	21,100,420.90
Trade acceptance notes	795,731.46	-689,800.68	0.00	0.00	0.00	105,930.78
Total	18,207,175.23	2,999,176.45	0.00	0.00	0.00	21,206,351.68

(7) Notes receivable written off in the current year

Nil.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

4. Accounts receivable

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

Category	Book balance		Closing balance		Carrying amount
	Amount	Percentage (%)	Provision for bad debts		
			Amount	Provision percentage (%)	
Bad debt provision made on individual basis	802,280,180.77	12.41	802,280,180.77	100.00	0.00
Bad debt provision made on a collective basis	5,661,397,429.97	87.59	454,714,632.28	8.03	5,206,682,797.69
Including: Portfolio of aging	3,264,254,972.31	50.50	350,003,782.69	10.72	2,914,251,189.62
Portfolio of electricity and subsidies	2,397,142,457.66	37.09	104,710,849.59	4.37	2,292,431,608.07
Total	6,463,677,610.74	100.00	1,256,994,813.05	—	5,206,682,797.69

Note: Details of restricted accounts receivable are set out in Note VI. 59; details of pledged accounts receivable are set out in Note XIV. 3.

Category	Book balance		Opening balance		Carrying amount
	Amount	Percentage (%)	Provision for bad debts		
			Amount	Provision percentage (%)	
Bad debt provision made on individual basis	0.00	0.00	0.00	0.00	0.00
Bad debt provision made on a collective basis	6,498,105,270.03	100.00	394,795,818.02	6.08	6,103,309,452.01
Including: Portfolio of aging	3,911,919,797.20	60.20	285,638,172.34	7.30	3,626,281,624.86
Portfolio of electricity and subsidies	2,586,185,472.83	39.80	109,157,645.68	4.22	2,477,027,827.15
Total	6,498,105,270.03	100.00	394,795,818.02	—	6,103,309,452.01

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

4. Accounts receivable (Continued)

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

4. Accounts receivable (Continued)

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

2) Bad debt provision made on accounts receivable on an aging portfolio basis

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

Aging	Opening balance		Provision percentage (%)
	Accounts receivable	Bad debt provision	
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	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

4. Accounts receivable (Continued)

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

3) *In portfolios, accounts receivable with provisions are for bad debts using other methods*

For the portfolio of electricity and subsidiaries, the Company discounted the book balance of the portfolio of electricity and subsidiaries by 10% below the five-year LPR for the Reporting Period, and calculated the expected credit loss based on the difference between the carrying amount and the discounted amount.

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

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

(2) Accounts receivable by aging based on recording dates

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

4. Accounts receivable (Continued)

(3) Bad debt provision for accounts receivable

Category	Opening balance	Changes of the current year			Others	Closing balance
		Accrued	Recovered or reversed	Carry-forward or written off		
Bad debt provision made on accounts receivable	394,795,818.02	840,725,192.33	0.00	783,502.92	22,257,305.62	1,256,994,813.05
Total	394,795,818.02	840,725,192.33	0.00	783,502.92	22,257,305.62	1,256,994,813.05

Note: Other changes in bad debt provision of the year in an amount of RMB22,257,305.62 was due to the addition of bad debt provision for accounts receivable arising from the acquisition of 100% equity interest in Xuyi High Drive Wind Power Co., Ltd. (盱眙高傳風力發電有限公司) by TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司), a subsidiary of the Company, through auction during the year, which was included in the scope of the consolidated statements.

(4) Accounts receivable written off in the current year

Item	Amount written off
Accounts receivable written off	783,502.92

There were no significant accounts receivable written off in the current year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

4. Accounts receivable (Continued)

(5) Particulars of the top five of balances of accounts payments presented by debtors

Name of entity	Closing balance	Aging	Percentage to the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
State Grid Xinjiang Electric Power Co., Ltd. (國網新疆電力有限公司)	1,509,883,743.20	Within 5 years	23.36	334,935,539.40
Inner Mongolia Power (Group) Co., Ltd. (內蒙古電力(集團)有限責任公司)	436,598,120.30	Within 4 years	6.75	95,507,631.53
North China Branch of State Grid Corporation of China (國家電網有限公司華北分部)	359,720,206.53	Within 3 years	5.57	317,244,183.24
State Grid Shanxi Electric Power Company (國網山西省電力公司)	308,470,528.31	Within 6 years	4.77	18,310,534.92
Hebei Shou'ao New Energy Technology Co. Ltd. (河北首奧新能源科技有限公司)	223,991,300.35	Within 6 years	3.47	160,918,316.44
Total	2,838,663,898.69	—	43.92	926,916,205.53

5. Receivables financing

Items	Closing balance	Opening balance
Notes receivable	6,172,012,029.97	3,608,991,052.55
Total	6,172,012,029.97	3,608,991,052.55

Note: The bank acceptance notes included in the balance of receivables financing have short remaining terms, and their carrying amount approximates to the fair value. Therefore, the carrying amount is used as the fair value at the end of the year.

Note: Details of restricted receivables financing are set out in Note VI. 59.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

6. Prepayments

(1) Aging of prepayments

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	685,845,269.31	93.96	469,780,284.89	92.79
1 year to 2 years (inclusive)	30,471,702.39	4.17	29,166,218.88	5.76
2 years to 3 years (inclusive)	9,567,277.70	1.31	3,308,174.43	0.65
Over 3 years	4,073,208.83	0.56	4,030,774.93	0.80
Total	729,957,458.23	100.00	506,285,453.13	100.00

(2) Particulars of the top five of balances of prepayments presented by debtors

Name of entity	Closing balance	Aging	Percentage to the total closing balance of prepayments (%)
Hami Goldwind Wind Power Equipment Manufacture Co., Ltd. (哈密金風風電設備有限公司)	59,012,713.81	Within 1 year	8.08
Beijing HyperStrong Technology Co., Ltd. (北京海博思創科技股份有限公司)	54,544,170.00	Within 1 year	7.47
Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	48,762,410.81	Within 1 year	6.68
LONGi Solar Technology Co., Ltd. (隆基樂葉光伏科技有限公司)	40,717,090.96	Within 1 year	5.58
Zhejiang Windey Co., Ltd. (浙江運達風電股份有限公司)	39,000,000.00	Within 1 year	5.34
Total	242,036,385.58	—	33.15

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

6. Prepayments (Continued)

(3) Significant prepayments with aging of over 1 year

Name of entity	Closing balance	Amount of over 1 year	Aging	Reason for unsettlement
Inner Mongolia TBEA Energy Equipment Co., Ltd. (內蒙古特變電工能源裝備有限公司)	6,636,960.00	6,636,960.00	1 year - 2 years	The performance of contract has not been completed
Envision Energy Co., Ltd. (遠景能源有限公司)	6,224,040.00	6,224,040.00	1 year - 2 years	The performance of contract has not been completed
TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司)	3,929,797.67	1,785,000.00	0 year - 2 years	The performance of contract has not been completed
Yantai Huasheng Power Engineering Installation Co., Ltd. (煙台市華盛電力工程安裝有限公司)	3,680,638.03	3,680,638.03	1 year - 2 years	The performance of contract has not been completed
Ningxia Qixin Mingyu New Material Technology Co. Ltd. (寧夏啟信銘宇新材料科技有限公司)	3,612,968.21	3,403,871.11	1 year - 2 years	The performance of contract has not been completed
Total	24,084,403.91	21,730,509.14	—	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

7. Other receivables

Items	Closing balance	Opening balance
Dividends receivable	78,463,017.24	96,264,269.15
Other receivables	377,677,137.63	860,322,199.56
Total	456,140,154.87	956,586,468.71

7.1 Dividends receivable

(1) Dividends receivable by category

Items	Closing balance	Opening balance
Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司)	20,908,906.98	20,908,906.98
Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公司)	17,657,748.51	17,657,748.51
Xuwen Haoneng PV Power Generation Co., Ltd. (徐聞縣昊能光伏發電有限公司)	17,344,905.91	17,344,905.91
Chabuchaer Huaguang Power Generation Co., Ltd. (察布查爾華光發電有限責任公司)	168,774.91	15,314,482.37
Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	8,219,152.26	10,874,696.71
Sichuan Ganzi Datang International New Energy Co., Ltd. (四川甘孜大唐國際新能源有限責任公司)	7,559,818.83	7,559,818.83
Wujiaqu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司)	5,698,292.32	5,698,292.32
Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	905,417.52	905,417.52
Total	78,463,017.24	96,264,269.15

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

7. Other receivables (Continued)

7.1 Dividends receivable (Continued)

(2) Significant dividends receivable with aging of over 1 year

Investees	Closing balance	Aging	Reason for non-recovery	Whether impairment is incurred and the basis of judgment
Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司)	20,908,906.98	2 years - 3 years	Collection conditions have not been met	No
Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公司)	17,657,748.51	1 year - 2 years	Collection conditions have not been met	No
Xuwen Haoneng PV Power Generation Co., Ltd. (徐聞縣昊能光伏發電有限公司)	17,344,905.91	2 years - 5 years	Collection conditions have not been met	No
Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	8,219,152.26	2 years - 4 years	Collection conditions have not been met	No
Sichuan Ganzi Datang International New Energy Co., Ltd. (四川甘孜大唐國際新能源有限責任公司)	7,559,818.83	4 years - 5 years	Collection conditions have not been met	No
Wujiagu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司)	5,698,292.32	1 year - 2 years	Collection conditions have not been met	No
Total	77,388,824.81	—	—	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

7. Other receivables (Continued)

7.2 Other receivables

(1) Other receivables by nature

Nature	Book balance at the end of the year	Book balance at the beginning of the year
Advances	55,008,458.52	677,782,811.66
Margin and deposits	299,023,619.40	192,318,271.51
Principals and interests of borrowings	26,266,779.77	55,973,363.98
Related-party transactions	20,786,261.21	26,493,952.02
Daily cash advances	7,761,678.54	6,695,474.05
Others	2,595,280.52	3,088,886.47
Total	411,442,077.96	962,352,759.69

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

7. Other receivables (Continued)

7.2 Other receivables (Continued)

(2) *Bad debt provision made on other receivables*

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Opening balance	0.00	20,068,966.14	81,961,593.99	102,030,560.13
Book balance of other receivables at the beginning of the year	—	—	—	—
—transferred to Stage 2	0.00	0.00	0.00	0.00
—transferred to Stage 3	0.00	0.00	0.00	0.00
—reversed to Stage 2	0.00	0.00	0.00	0.00
—reversed to Stage 1	0.00	0.00	0.00	0.00
Accrued in current year	0.00	12,218,715.81	0.00	12,218,715.81
Reversed in current year	0.00	0.00	0.00	0.00
Carry-forward in current year	0.00	0.00	0.00	0.00
Written off in current year	0.00	0.00	735,356.90	735,356.90
Other changes	0.00	0.00	-79,748,978.71	-79,748,978.71
Balance	0.00	32,287,681.95	1,477,258.38	33,764,940.33

Note: Other changes in bad debt provision of the year in an amount of RMB-79,748,978.71 represents the bad debt provision of Xuyi High Drive Wind Power Co., Ltd. (盱眙高傳風力發電有限公司) accrued previously. During the year, Sunoasis, a subsidiary of the Company, acquired 100% equity interest in Xuyi High Drive Wind Power Co., Ltd. (盱眙高傳風力發電有限公司) through auction, which was included in the scope of the consolidated statements. The bad debt provision for other receivables of RMB79,603,237.09 was transferred out.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

7. Other receivables (Continued)

7.2 Other receivables (Continued)

(3) Other receivables by aging

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	265,165,615.57	338,511,488.08
1 year to 2 years (inclusive)	105,178,846.36	53,910,662.90
2 years to 3 years (inclusive)	21,825,303.93	201,669,268.89
3 years to 4 years (inclusive)	509,953.86	209,266,030.41
4 years to 5 years (inclusive)	155,439.00	156,049,448.27
Over 5 years	18,606,919.24	2,945,861.14
Total	411,442,077.96	962,352,759.69

(4) Bad debt provision for other receivables

Category	Opening balance	Accrued	Changes of the current year			Closing balance
			Recovered or reversed	Carry-forward or written off	Others	
Bad debt provision made on other receivables	102,030,560.13	12,218,715.81	0.00	735,356.90	-79,748,978.71	33,764,940.33
Total	102,030,560.13	12,218,715.81	0.00	735,356.90	-79,748,978.71	33,764,940.33

Note: Details of other changes in bad debt provision of the year are set out in Note VI. 7, 7.2 (2).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

7. Other receivables (Continued)

7.2 Other receivables (Continued)

(5) Other receivables written off in the current year

Items	Amount written off
Other receivables written off	735,356.90

(6) Particulars of the top five of closing balances of other receivables presented by debtors

Name of entity	Nature of amount	Closing balance	Aging	Percentage to the total closing balance of other receivables (%)	Closing balance of bad debt provision
Zhumadian Yuzi Investment Development Co., Ltd. (駐馬店市豫資投資發展有限公司)	Margin and deposits	80,000,000.00	Within 1 year	19.44	1,600,000.00
Hailun Development and Reform Bureau, Suihua City, Heilongjiang Province (黑龍江省綏化市海倫市發展和改革局)	Margin and deposits	50,000,000.00	Within 1 year	12.15	1,000,000.00
Fuxin Coal Chemical Industry Base Management Committee (阜新市煤化工產業基地管理委員會)	Margin and deposits	24,000,000.00	Within 1 year	5.83	480,000.00
Zhangjiakou Qiaoxi Technology Industry and Trade Development Co., Ltd. (張家口市橋西科工貿開發有限公司)	Margin and deposits	20,212,600.00	1 year – 2 years	4.91	1,010,630.00
Guodian Longyuan Wuqi New Energy Co., Ltd. (國電龍源吳起新能源有限公司)	Advances	16,625,808.00	1 year – 2 years	4.04	831,290.40
Total	—	190,838,408.00	—	46.37	4,921,920.40

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

8. Inventories

(1) Inventories by category

Items	Closing balance		
	Book balance	Reserve for stock depreciation	Carrying amount
Raw materials	782,076,005.58	20,878,000.59	761,198,004.99
Packaging materials and low-value consumables	2,631,899.51	0.00	2,631,899.51
Goods in stock	1,635,466,275.30	27,564,062.89	1,607,902,212.41
Work in progress and semi-finished goods	466,046,104.09	3,794,305.05	462,251,799.04
Materials processed on commission	612,836,766.47	0.00	612,836,766.47
Wind power and PV power plants	1,458,323,792.93	293,812,834.88	1,164,510,958.05
Total	4,957,380,843.88	346,049,203.41	4,611,331,640.47

Note: Details of restricted inventories are set out in Note VI. 59; details of pledged inventories are set out in Note XIV. 2.

Items	Opening balance		
	Book balance	Reserve for stock depreciation	Carrying amount
Raw materials	1,202,810,605.40	18,769,643.33	1,184,040,962.07
Packaging materials and low-value consumables	10,599,886.09	0.00	10,599,886.09
Goods in stock	421,727,508.04	16,810,419.48	404,917,088.56
Work in progress and semi-finished goods	395,503,849.46	10,849,908.40	384,653,941.06
Materials processed on commission	119,472,108.70	0.00	119,472,108.70
Wind power and PV power plants	1,880,194,551.68	265,655,137.50	1,614,539,414.18
Total	4,030,308,509.37	312,085,108.71	3,718,223,400.66

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

8. Inventories (Continued)

(2) Reserve for stock depreciation

Items	Opening balance	Increase in current year		Decrease in current year		Closing balance
		Accrued	Others	Carry-forward or written off	Others	
Raw materials	18,769,643.33	3,683,654.34	0.00	1,575,297.08	0.00	20,878,000.59
Goods in stock	16,810,419.48	17,097,456.68	0.00	6,343,813.27	0.00	27,564,062.89
Work in progress and semi-finished goods	10,849,908.40	3,034,588.18	0.00	10,090,191.53	0.00	3,794,305.05
Wind power and PV power plants	265,655,137.50	46,932,135.44	0.00	18,774,438.06	0.00	293,812,834.88
Total	312,085,108.71	70,747,834.64	0.00	36,783,739.94	0.00	346,049,203.41

9. Contract assets

(1) Breakdown of contract assets

Items	Book balance	Closing balance Provision for impairment	Carrying amount
Projects completed but not settled	984,758,092.16	3,935,587.36	980,822,504.80
Retention money	382,311,664.57	37,117,771.57	345,193,893.00
Total	1,367,069,756.73	41,053,358.93	1,326,016,397.80

Items	Book balance	Opening balance Provision for impairment	Carrying amount
Projects completed but not settled	967,737,535.72	5,716,993.53	962,020,542.19
Retention money	287,145,473.87	27,331,156.51	259,814,317.36
Total	1,254,883,009.59	33,048,150.04	1,221,834,859.55

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

9. Contract assets (Continued)

(2) Provision for impairment of contract assets accrued in the current year

Items	Opening balance	Accrued in current year	Reversed in current year	Carryforward/ written off in current year	Closing balance	Reason
Projects completed but not settled	5,716,993.53	-1,781,406.17	0.00	0.00	3,935,587.36	Accrued on the basis of expected credit loss
Retention money	27,331,156.51	9,786,615.06	0.00	0.00	37,117,771.57	Accrued on the basis of expected credit loss
Total	33,048,150.04	8,005,208.89	0.00	0.00	41,053,358.93	–

10. Other current assets

Items	Closing balance	Opening balance
Value-added tax credits	1,486,364,590.14	512,677,566.01
Prepaid enterprise income tax	10,059,359.33	1,908,477.04
Prepaid goods and services tax	8,499,341.06	0.00
Other prepaid taxes	2,178.99	0.00
Total	1,504,925,469.52	514,586,043.05

11. Other debt investments

(1) Breakdown of other debt investments

Items	Opening balance	Accrued interest	Changes in fair value in current year	Recovered in current year
SUNRISEENERGYS.A.E.	14,531,895.11	0.00	0.00	-14,531,895.11
RISINGSUNENERGYS.A.E	20,492,073.03	0.00	0.00	-20,492,073.03
Total	35,023,968.14	0.00	0.00	-35,023,968.14

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

11. Other debt investments (Continued)

(1) Breakdown of other debt investments (Continued)

Items	Closing balance	Cost	Cumulative changes in fair value	Provision for loss cumulatively recognized in other comprehensive income	Remarks
SUNRISEENERGYS.A.E.	0.00	0.00	0.00	0.00	Note
RISINGSUNENERGYS.A.E	0.00	0.00	0.00	0.00	
Total	0.00	0.00	0.00	0.00	—

Note: TBEA Solar (Netherlands) Co., Ltd. (特變電工太陽能(荷蘭)有限公司) ("TBEA Solar Co."), a subsidiary of the Company, cooperated with SUNRISEENERGYS.A.E. and RISINGSUNENERGYS.A.E. and subscribed for their shares in a total amount of USD6,336,800 in 2017 and 2018, with a shareholding percentage of 24% in each company. As stipulated in the agreement that in the two years after the date of commercial operation of these two companies, TBEA Solar Co. may request RISINGSUNENERGYS.A.E. and SUNRISEENERGYS.A.E. to exercise the call option by delivering a call option notice. The investment cost of this project was RMB40,663,977.82. In 2021, the Company recovered a total of USD887,100 from the above investment and the amount of other debt investments was reduced by RMB5,640,009.68. The remaining debt investments were fully recovered in February 2022.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

12. Long-term equity investments

Investees	Opening balance (carrying amount)	Additional investment	Decrease	Changes in current year					Closing balance (carrying amount)	Closing balance of provision for impairment	
				Profit or loss on investments recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Declaration of cash dividends or profits	Provision for impairment			Others
I. Joint venture											
Sichuan Ganzhou Datang International New Energy Co., Ltd. (四川甘孜大唐國際新能源有限責任公司)	66,674,409.69	0.00	0.00	12,642,029.94	0.00	0.00	0.00	70,758,139.63	0.00	10,558,300.00	70,758,139.63
Guyang County Changjian Wind Power Co., Ltd.* (固陽縣長風風力發電有限公司)	0.00	4,000,000.00	0.00	-59,105,524.28	0.00	0.00	0.00	0.00	55,105,524.28	0.00	0.00
Sub-total	66,674,409.69	4,000,000.00	0.00	-46,463,494.34	0.00	0.00	0.00	70,758,139.63	55,105,524.28	10,558,300.00	70,758,139.63
II. Associates											
Xian Wucheng New Energy Power Co., Ltd. (西安吳城新能源發電有限公司)	29,114,897.55	0.00	47,520,000.00	18,405,102.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Wujiayu TBEA PV Power Technology Co., Ltd. (五家渠特變電工光電科技有限責任公司)	17,122,863.86	0.00	0.00	1,841,415.39	0.00	0.00	0.00	0.00	0.00	18,964,279.25	0.00
Xian Xingwu Wind Power Co., Ltd. (西安興武風力發電有限公司)	30,355,750.13	0.00	52,800,000.00	22,444,249.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	59,237,636.41	41,454,000.00	0.00	-8,710,223.28	0.00	0.00	0.00	0.00	0.00	91,961,413.13	0.00
Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公司)	69,292,430.51	0.00	0.00	9,856,574.00	0.00	0.00	0.00	0.00	0.00	78,139,004.51	0.00
Jeminay Xinte Wind Power Co., Ltd. (吉木乃新特風電有限公司)	18,001,715.71	0.00	0.00	10,518,793.79	0.00	0.00	0.00	0.00	0.00	28,520,509.50	0.00
Wujiayu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司)	15,033,029.36	0.00	0.00	2,018,601.41	0.00	0.00	0.00	0.00	0.00	17,051,630.77	0.00
China Energy Xinjiang Ganquanpu Integrated Energy Co., Ltd. (國能新疆甘泉堡綜合能源有限公司)	20,001,000.00	0.00	0.00	2,299.38	0.00	0.00	0.00	0.00	0.00	20,003,299.38	0.00
Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司)	44,077,075.05	0.00	0.00	7,115,245.97	0.00	0.00	0.00	0.00	0.00	51,192,321.02	0.00
Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司)	36,699,227.82	0.00	0.00	3,160,094.22	0.00	0.00	0.00	0.00	0.00	39,859,322.04	0.00
Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司)	30,892,807.02	0.00	0.00	7,729,570.08	0.00	0.00	0.00	0.00	0.00	38,622,377.10	0.00
Huaxiang (Hongdong) New Energy Technology Co., Ltd. (華翔(洪洞)新能源科技有限公司)	0.00	1,000,000.00	0.00	-15,287.18	0.00	0.00	0.00	0.00	0.00	984,712.82	0.00
Sub-total	368,818,433.42	42,454,000.00	100,320,000.00	74,366,436.10	0.00	0.00	0.00	0.00	0.00	385,318,669.52	0.00
Total	437,492,843.11	46,454,000.00	100,320,000.00	27,902,941.76	0.00	0.00	0.00	70,758,139.63	55,105,524.28	395,877,169.52	70,758,139.63

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

12. Long-term equity investments (Continued)

- Notes:
- ① In December 2021, Sunoasis (a subsidiary of the Company) entered into an equity transfer agreement with Huadian Henan New Energy Power Generation Co., Ltd. (華電河南新能源發電有限公司), transferring 40% equity interest it held in Xi'an Wucheng New Energy Power Co., Ltd. (西安吳城新能源發電有限公司) and Xi'an Xingwu Wind Power Co., Ltd. (西安興武風力發電有限公司), respectively. Upon the completion of transfer in March 2022, Sunoasis no longer held any equity interest in those companies.
 - ② In January 2022, Sunoasis (a subsidiary of the Company) and its subsidiary, TBEA South New Energy Technology Co., Ltd. (特變電工南方新能源科技有限公司) ("**TBEA South New Energy**"), Wuling Power Corporation Ltd. (五凌電力有限公司) and Hunan Zhongshui Investment Company Limited (湖南中水投資有限公司) jointly made capital increase to Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司) ("**Jiangyong Shenghua**"). As of the end of December 2022, Sunoasis and TBEA South New Energy had made capital increase of RMB41.454 million to Jiangyong Shenghua in total, with a total shareholding of 49.00% upon the capital increase.
 - ③ In June 2022, Guyang Fengmao Power Co., Ltd. (固陽縣風茂發電有限責任公司) ("**Guyang Fengmao**"), a subsidiary of Sunoasis (a subsidiary of the Company), jointly made capital contribution with Guyang Changezhi Energy Development Co., Ltd. (固陽縣長智能源發展有限公司) to Guyang Changlan Wind Power Co., Ltd. (固陽縣長嵐風力發電有限公司) ("**Guyang Changlan**"). As of the end of December 2022, Guyang Fengmao had contributed RMB4 million to Guyang Changlan in total, with an aggregate shareholding of 40.00% upon the capital contribution.
 - ④ In July 2022, Sunoasis (a subsidiary of the Company) jointly made capital contribution with Shanxi Huaxiang Group Co., Ltd. (山西華翔集團股份有限公司) to Huaxiang (Hongdong) New Energy Technology Co., Ltd. (華翔(洪洞)新能源科技有限公司) ("**Huaxiang Hongdong**"). As of the end of December 2022, Sunoasis had contributed RMB1 million to Huaxiang Hongdong in total, with an aggregate shareholding of 10% upon the capital contribution.
 - ⑤ In December 2022, Sunoasis (a subsidiary of the Company), entered into an equity transfer agreement (the "**Transfer Agreement**") with Sichuan Datang International Renewable Power Company Limited (四川大唐國際新能源有限公司) to transfer its 50% equity interest in Sichuan Ganzi Datang International New Energy Co., Ltd. (四川甘孜大唐國際新能源有限責任公司) ("**Ganzi Datang**"). The above-mentioned equity interest was delivered and changed in industry and commerce in February 2023. After the Transfer Agreement was completed, Sunoasis no longer held the equity interest of Ganzi Datang. As of the end of 2022, the Company's estimated recoverable amount of the equity transfer price under the Transfer Agreement was RMB10,558,300, with a provision for impairment of RMB70,758,100 during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

13. Other equity instrument investments

(1) Breakdown of other equity instrument investments

Items	Closing balance	Opening balance
Gokin Solar Co., Ltd. (高景太陽能股份有限公司)	249,999,977.52	0.00
Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	1,000,000.00	1,000,000.00
Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恒潤金電力科技有限公司)	0.00	0.00
Total	250,999,977.52	1,000,000.00

Note: In 2022, the Company signed a capital increase agreement with Gokin Solar Co., Ltd. (高景太陽能股份有限公司), to which the Company increased its capital by RMB249,999,977.52. After this capital increase, the Company's shareholding was 1.2491%.

(2) Equity instrument investments not held for trading in the current year

Items	Dividend income recognized in current year	Cumulative gains	Cumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for being designated as FVOCI	Reason for transferring from other comprehensive income to retained earnings
Gokin Solar Co., Ltd. (高景太陽能股份有限公司)	0.00	0.00	0.00	0.00	Held not for the purpose of trading	—
Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	905,417.52	0.00	0.00	0.00	Held not for the purpose of trading	—
Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恒潤金電力科技有限公司)	0.00	0.00	7,066,041.44	0.00	Held not for the purpose of trading	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

14. Fixed assets

Items	Carrying amount at the end of the year	Carrying amount at the beginning of the year
Fixed assets	34,112,445,590.94	25,216,001,023.25
Disposal of fixed assets	0.00	0.00
Total	34,112,445,590.94	25,216,001,023.25

Note: Details of restricted fixed assets are set out in Note VI. 59; details of pledged fixed assets are set out in Note XIV. 2.

14.1 Fixed assets

(1) Breakdown of fixed assets

Items	Buildings and structures	Machinery and equipment	Transportation facilities	Electronic equipment	Others	Total
I. Original book value						
1. Opening balance	6,511,708,133.54	24,856,042,405.83	61,853,047.18	140,149,899.53	417,211,384.12	31,986,964,870.20
2. Increase in current year	2,852,000,783.97	8,174,801,263.46	22,932,122.88	49,782,183.24	8,440,241.72	11,107,956,595.27
(1) Acquisition	135,908,029.15	304,337,620.77	22,851,519.43	39,703,172.31	6,967,427.56	509,767,769.22
(2) Transfer from construction in progress	2,656,555,935.20	7,373,918,269.65	80,603.45	10,072,402.38	1,472,814.16	10,042,100,024.84
(3) Increase in business merger	59,536,819.62	496,545,373.04	0.00	6,608.55	0.00	556,088,801.21
(4) Other increases	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease in current year	721,596.27	142,937,980.10	10,555,587.11	581,942.76	1,178,555.44	155,975,661.68
(1) Disposal or retirement	633,374.98	142,937,980.10	10,555,587.11	581,942.76	1,178,555.44	155,887,440.39
(2) Decrease in business merger	0.00	0.00	0.00	0.00	0.00	0.00
(3) Translation of financial statements in foreign currency	88,221.29	0.00	0.00	0.00	0.00	88,221.29
4. Closing balance	9,362,987,321.24	32,887,905,689.19	74,229,582.95	189,350,140.01	424,473,070.40	42,938,945,803.79

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

14. Fixed assets (Continued)

14.1 Fixed assets (Continued)

(1) Breakdown of fixed assets (Continued)

Items	Buildings and structures	Machinery and equipment	Transportation facilities	Electronic equipment	Others	Total
II. Accumulated depreciation						
1. Opening balance	1,085,143,384.21	5,081,206,959.70	26,866,841.90	85,582,486.72	122,128,143.26	6,400,927,815.79
2. Increase in current year	257,730,184.70	1,526,285,997.15	7,312,086.92	16,457,075.20	34,222,719.93	1,842,008,063.90
(1) Accrual	254,505,803.68	1,501,984,010.67	7,312,086.92	16,452,414.16	34,222,719.93	1,814,477,035.36
(2) Increase in business merger	3,224,381.02	24,301,986.48	0.00	4,661.04	0.00	27,531,028.54
(3) Others	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease in current year	198,243.72	85,073,210.98	7,851,611.81	510,302.20	1,100,213.98	94,733,582.69
(1) Disposal or retirement	186,848.53	85,073,210.98	7,851,611.81	510,302.20	1,100,213.98	94,722,187.50
(2) Decrease in business merger	0.00	0.00	0.00	0.00	0.00	0.00
(3) Translation of financial statements in foreign currency	11,395.19	0.00	0.00	0.00	0.00	11,395.19
4. Closing balance	1,342,675,325.19	6,522,419,745.87	26,327,317.01	101,529,259.72	155,250,649.21	8,148,202,297.00
III. Provision for impairment						
1. Opening balance	3,516,788.85	351,124,744.06	262,299.46	6,479,009.17	8,653,189.62	370,036,031.16
2. Increase in current year	38,162,355.96	279,470,565.36	0.00	1,447.49	6,424.30	317,640,793.11
(1) Accrual	38,162,355.96	279,470,565.36	0.00	1,447.49	6,424.30	317,640,793.11
(2) Others	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease in current year	0.00	9,325,870.36	9,431.02	42,645.50	961.54	9,378,908.42
(1) Disposal or retirement	0.00	9,325,870.36	9,431.02	42,645.50	961.54	9,378,908.42
(2) Others	0.00	0.00	0.00	0.00	0.00	0.00
4. Closing balance	41,679,144.81	621,269,439.06	252,868.44	6,437,811.16	8,658,652.38	678,297,915.85
IV. Carrying amount						
1. Carrying amount at the end of the year	7,978,632,851.24	25,744,216,504.26	47,649,397.50	81,383,069.13	260,563,768.81	34,112,445,590.94
2. Carrying amount at the beginning of the year	5,423,047,960.48	19,423,710,702.07	34,723,905.82	48,088,403.64	286,430,051.24	25,216,001,023.25

Note: Increase in business merger in current year was due to the acquisition of 100% equity interest in Xuyi High Drive Wind Power Co., Ltd. (盱眙高傳風力發電有限公司) by TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司), a subsidiary of the Company, through auction during the year, which was included in the scope of the consolidated statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

14. Fixed assets (Continued)

14.1 Fixed assets (Continued)

(2) *Temporarily idle fixed assets*

Items	Original book value	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings and structures	69,481,036.63	32,867,618.44	1,896,383.98	34,717,034.21
Machinery and equipment	272,823,398.03	142,073,865.33	124,311,006.65	6,438,526.05
Electronic equipment	248,555.04	217,592.98	30,196.06	766.00
Other equipment	2,470,255.53	2,336,702.96	133,552.57	0.00
Total	345,023,245.23	177,495,779.71	126,371,139.26	41,156,326.26

(3) *Fixed assets leased by operating leases*

Nil.

(4) *Fixed assets without certificate of title*

Item	Carrying amount	Reason for not having the certificate of title
Buildings and structures	1,327,127,252.26	The application and approval procedures are ongoing

15. Construction in progress

Items	Closing balance	Opening balance
Construction in progress	12,090,642,988.90	4,343,664,376.67
Project materials	47,101,014.15	226,151,512.83
Total	12,137,744,003.05	4,569,815,889.50

Note: Details of restricted construction in progress are set out in Note VI. 59; details of pledged construction in progress are set out in Note XIV. 2.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress

(1) Breakdown of construction in progress

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
200,000-ton-per-annum High-end Electronic-grade Polysilicon Green Low-carbon Circular Economy Construction Project (Phase I)	7,730,871,687.76	0.00	7,730,871,687.76	0.00	0.00	0.00
Baotou Tumed Right Banner Land Governance and Agriculture-PV Complement 300,000 KW PV Demonstration Project	1,090,805,691.08	0.00	1,090,805,691.08	0.00	0.00	0.00
Tieling Xifeng Baiyu Wind Power Project	485,832,010.22	0.00	485,832,010.22	53,130,502.04	0.00	53,130,502.04
Wuwei Wusheng 150MW PV Power Generation Project	451,739,461.55	0.00	451,739,461.55	0.00	0.00	0.00
Kaipin 100 MW PV and Energy Storage Power Generation Project	342,797,718.77	0.00	342,797,718.77	0.00	0.00	0.00
Yarkant 100MW PV On-grid Power and Energy Storage Facility Project	308,347,410.01	0.00	308,347,410.01	0.00	0.00	0.00
Urumqi Toli 100MW Wind Power Project	293,648,585.69	0.00	293,648,585.69	0.00	0.00	0.00
Fengning Datan Xinlong 60MW Wind Farm Project	285,168,622.91	0.00	285,168,622.91	0.00	0.00	0.00
Hami Shisanjianfang Wind Farm Phase I 49.5MW Project	197,772,109.40	0.00	197,772,109.40	0.00	0.00	0.00
Bazhou Ruoqiang Milan 50MW Wind Power Project	194,042,268.12	0.00	194,042,268.12	0.00	0.00	0.00
Gansu Jiuquan Dunhuang 100MW On-grid PV Power Generation Project	153,043,759.19	0.00	153,043,759.19	0.00	0.00	0.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

(1) Breakdown of construction in progress (Continued)

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Phase Modifier Retrofitting Project of Zhengxiangbai Banner Fengsheng Power Generation Co., Ltd.	60,654,252.63	0.00	60,654,252.63	0.00	0.00	0.00
Gansu Wuwei Jiuduntan 330KV Booster Station Project	47,629,353.79	0.00	47,629,353.79	0.00	0.00	0.00
High-purity Chlorosilane Phase I Green Low-carbon Circular Economy Technology Renovation Project	43,406,473.47	0.00	43,406,473.47	0.00	0.00	0.00
Shanxi Yuncheng Wenxi Liyuan 100MW PV Project	39,774,835.07	0.00	39,774,835.07	0.00	0.00	0.00
Xinte Energy Polysilicon Equipment Upgrade Project	38,419,808.09	0.00	38,419,808.09	0.00	0.00	0.00
Hebei Shijiazhuang Xingtang 5.5MW PV Power Generation Grid-Parity Project	34,638,282.81	0.00	34,638,282.81	0.00	0.00	0.00
100,000-ton-per-annum High-purity Polysilicon Green Energy Circular Economy Construction Project	0.00	0.00	0.00	3,361,153,744.03	0.00	3,361,153,744.03
24,000-ton High-purity Polysilicon Transformation and Upgrading Project	0.00	0.00	0.00	454,248,166.62	0.00	454,248,166.62
10,000-ton High-purity Polysilicon Green Circular Economy Project	0.00	0.00	0.00	253,757,041.21	0.00	253,757,041.21
TBEA Dunhuang 20MW Grid-Parity PV Power Project	0.00	0.00	0.00	43,195,697.89	0.00	43,195,697.89
Other projects	292,050,658.34	0.00	292,050,658.34	178,179,224.88	0.00	178,179,224.88
Total	12,090,642,988.90	0.00	12,090,642,988.90	4,343,664,376.67	0.00	4,343,664,376.67

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

(2) Changes of significant construction in progress in the current year

Project name	Opening balance	Increase in current year	Decrease in current year		Closing balance
			Transfer to fixed assets	Other decreases	
200,000-ton-per-annum High-end Electronic-grade Polysilicon Green Low-carbon Circular Economy Construction Project (Phase I)	0.00	7,730,871,687.76	0.00	0.00	7,730,871,687.76
Baotou Tumed Right Banner Land Governance and Agriculture-PV Complement 300,000KW PV Demonstration Project	0.00	1,090,805,691.08	0.00	0.00	1,090,805,691.08
Tieling Xifeng Baiyu Wind Power Project	53,130,502.04	432,701,508.18	0.00	0.00	485,832,010.22
Wuwei Wusheng 150MW PV Power Generation Project	0.00	451,739,461.55	0.00	0.00	451,739,461.55
Kalpin 100 MW PV and Energy Storage Power Generation Project	0.00	342,797,718.77	0.00	0.00	342,797,718.77
Yarkant 100 MW PV On-grid Power and Energy Storage Facility Project	0.00	308,347,410.01	0.00	0.00	308,347,410.01
Urumqi Toli 100MW Wind Power Project	0.00	293,648,585.69	0.00	0.00	293,648,585.69
Fengning Datan Xinlong 60MW Wind Farm Project	0.00	285,168,622.91	0.00	0.00	285,168,622.91
Hami Shisanjianfang Wind Farm Phase I 49.5MW Project	0.00	197,772,109.40	0.00	0.00	197,772,109.40
Bazhou Ruoqiang Milan 50MW Wind Power Project	0.00	194,042,268.12	0.00	0.00	194,042,268.12
Gansu Jiuquan Dunhuang 100MW On-grid PV Power Generation Project	0.00	153,043,759.19	0.00	0.00	153,043,759.19
Phase Modifier Retrofitting Project of Zhengxiangbai Banner Fengsheng Power Generation Co., Ltd.	0.00	78,282,657.60	17,628,404.97	0.00	60,654,252.63
Gansu Wuwei Jiuduntan 330KV Booster Station Project	0.00	47,629,353.79	0.00	0.00	47,629,353.79
High-purity Chlorosilane Phase I Green Low-carbon Circular Economy Technology Renovation Project	0.00	43,406,473.47	0.00	0.00	43,406,473.47
Shanxi Yuncheng Wenxi Liyuan 100MW PV Project	0.00	39,774,835.07	0.00	0.00	39,774,835.07
Xinte Energy Polysilicon Equipment Upgrade Project	971,698.11	81,066,164.99	43,618,055.01	0.00	38,419,808.09
Hebei Shijiazhuang Xingtang 5.5MW PV Power Generation Grid-Parity Project	0.00	84,578,687.95	49,940,405.14	0.00	34,638,282.81
100,000-ton-per-annum High-purity Polysilicon Green Energy Circular Economy Construction Project	3,361,153,744.03	4,880,456,954.33	8,241,610,698.36	0.00	0.00
24,000-ton High-purity Polysilicon Transformation and Upgrading Project	454,248,166.62	207,006,681.91	661,254,848.53	0.00	0.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

(2) Changes of significant construction in progress in the current year (Continued)

Project name	Opening balance	Increase in current year	Decrease in current year		Closing balance
			Transfer to fixed assets	Other decreases	
10,000-ton High-purity Polysilicon Green Circular Economy Project	253,757,041.21	183,219,161.95	436,976,203.16	0.00	0.00
Luyi Mudian 20MW Distributed Project	0.00	130,957,839.14	130,957,839.14	0.00	0.00
TBEA Dunhuang 20MW Grid-Parity PV Power Project	43,195,697.89	58,487,169.09	101,682,866.98	0.00	0.00
Wind Turbine Tower Project for the New Energy Equipment Manufacturing Industry	37,884,728.75	22,293,540.90	60,178,269.65	0.00	0.00
Other projects	139,322,798.02	493,684,748.18	298,252,433.90	42,704,453.96	292,050,658.34
Total	4,343,664,376.67	17,831,783,091.03	10,042,100,024.84	42,704,453.96	12,090,642,988.90

Note: The "Other decreases" in the table for the current year represents the non-operating expenses of RMB42,704,453.96 transferred from the resolution to terminate the construction of the silicon-based new materials green circular construction project of the parent company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

(2) Changes of significant construction in progress in the current year (Continued)

Project name	Budget	Percentage of cumulative project investment to budget (%)	Progress of project (%)	Cumulative interest capitalization	Including: interest capitalization in current year	Interest capitalization rate of current year (%)	Source of fund
200,000-ton-per-annum High-end Electronic-grade Polysilicon Green Low-carbon Circular Economy Construction Project (Phase II)	9,349,510,000.00	82.69	82.69	4,777,559.55	4,777,559.55	3.10	Funds in hand, project loans, fundraising
Baotou Turned Right Banner Land Governance and Agriculture-PV Complement 300,000 KW PV Demonstration Project	1,290,106,231.05	84.55	84.55	4,046,333.33	4,046,333.33	3.05	Funds in hand, project loans
Tieling Xifeng Baiyu Wind Power Project	619,200,000.06	59.31	59.31	9,617,480.55	9,617,480.55	3.67	Funds in hand, project loans
Wuwei Wusheng 150MW PV Power Generation Project	564,423,847.02	80.04	80.04	0.00	0.00	0.00	Funds in hand
Kaipin 100 MW PV and Energy Storage Power Generation Project	508,182,135.53	67.46	67.46	5,932,499.99	5,932,499.99	3.53	Funds in hand, project loans
Yarkant 100 MW PV On-grid Power and Energy Storage Facility Project	509,366,793.92	60.54	60.54	3,082,096.66	3,082,096.66	2.36	Funds in hand, project loans
Urumqi Toli 100MW Wind Power Project	454,522,276.29	64.61	64.61	523,614.72	523,614.72	3.00	Funds in hand, project loans
Fengning Datan Xinlong 60MW Wind Farm Project	333,722,807.59	85.45	85.45	0.00	0.00	0.00	Funds in hand
Hami Shisanjiantang Wind Farm Phase I 49.5MW Project	209,374,528.28	94.46	92.38	6,035,500.02	6,035,500.02	3.43	Funds in hand, project loans
Bazhou Ruojiang Milan 50MW Wind Power Project	240,079,428.96	80.82	84.40	897,291.67	897,291.67	2.95	Funds in hand, project loans
Gansu Jiuquan Dunhuang 100MW On-grid PV Power Generation Project	499,898,894.46	30.62	31.12	0.00	0.00	0.00	Funds in hand
Phase Modifier Retrofitting Project of Zhengxiangbai Banner Fengsheng Power Generation Co., Ltd.	120,156,602.71	50.48	50.48	0.00	0.00	0.00	Funds in hand
Gansu Wuwei Jiudantan 330KV Booster Station Project	168,983,190.48	28.19	28.19	0.00	0.00	0.00	Funds in hand
High-purity Chlorosilane Phase I Green Low-carbon Circular Economy Technology Renovation Project	127,496,300.00	34.05	34.05	0.00	0.00	0.00	Funds in hand
Shanxi Yuncheng Wenxi Liyuan 100MW PV Project	462,566,703.86	8.60	9.21	0.00	0.00	0.00	Funds in hand
Xinte Energy Polysilicon Equipment Upgrade Project	154,890,000.00	53.00	53.00	0.00	0.00	0.00	Funds in hand

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

(2) Changes of significant construction in progress in the current year (Continued)

Project name	Budget	Percentage of cumulative project investment to budget (%)	Progress of project (%)	Cumulative interest capitalization	Including: interest capitalization in current year	Interest capitalization rate of current year (%)	Source of fund
Hebei Shijiazhuang Xingtang 5.5MW PV Power Generation Grid-Parity Project	588,935,979.96	14.36	14.36	0.00	0.00	0.00	Funds in hand
100,000-ton-per-annum High-purity Polysilicon Green Energy Circular Economy Construction Project	8,806,760,000.00	93.58	100.00	123,896,099.51	108,709,325.21	4.60	Funds in hand, project loans
24,000-ton High-purity Polysilicon Transformation and Upgrading Project	798,794,800.00	82.78	100.00	0.00	0.00	0.00	Funds in hand
10,000-ton High-purity Polysilicon Green Circular Economy Project	469,733,500.00	93.03	100.00	0.00	0.00	0.00	Funds in hand
Luyi Mudian 20MW Distributed Project	129,654,898.43	99.01	100.00	0.00	0.00	0.00	Funds in hand
TBEA Dunhuang 20MW Grid-Parity PV Power Project	105,502,520.56	96.38	100.00	533,750.00	533,750.00	3.50	Funds in hand, project loans
Wind Turbine Tower Project for the New Energy Equipment Manufacturing Industry	64,970,000.00	96.62	100.00	0.00	0.00	0.00	Funds in hand
Other projects	0.00	-	-	-	-	-	Funds in hand
Total	26,776,821,439.16	-	-	159,342,226.00	144,155,451.70	-	-

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

15. Construction in progress (Continued)

15.1 Construction in progress (Continued)

(3) Provision for impairment of construction in progress in the current year

Nil.

15.2 Project materials

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Special equipment	47,101,014.15	0.00	226,151,512.83	226,151,512.83	0.00	226,151,512.83
Total	47,101,014.15	0.00	226,151,512.83	226,151,512.83	0.00	226,151,512.83

16. Right-of-use assets

Items	Land use right	Others	Total
I. Original book value			
1. Opening balance	167,206,026.74	5,491,182.76	172,697,209.50
2. Increase in current year	218,003,774.52	0.00	218,003,774.52
(1) Lease	218,003,774.52	0.00	218,003,774.52
3. Decrease in current year	0.00	102,519.16	102,519.16
(1) Disposal	0.00	0.00	0.00
(2) Translation of financial statements in foreign currency	0.00	102,519.16	102,519.16
(3) Decrease in business merger	0.00	0.00	0.00
4. Closing balance	385,209,801.26	5,388,663.60	390,598,464.86
II. Accumulated depreciation			
1. Opening balance	30,910,639.21	280,774.86	31,191,414.07
2. Increase in current year	22,391,239.15	1,099,518.07	23,490,757.22
(1) Accrual	22,391,239.15	1,099,518.07	23,490,757.22
3. Decrease in current year	0.00	5,140.04	5,140.04
(1) Translation of financial statements in foreign currency	0.00	5,140.04	5,140.04
4. Closing balance	53,301,878.36	1,375,152.89	54,677,031.25

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

16. Right-of-use assets (Continued)

Items	Land use right	Others	Total
III.Provision for impairment			
1. Opening balance	0.00	0.00	0.00
2. Increase in current year	4,116,874.73	0.00	4,116,874.73
3. Decrease in current year	0.00	0.00	0.00
4. Closing balance	4,116,874.73	0.00	4,116,874.73
IV.Carrying amount			
1. Carrying amount at the end of the year	327,791,048.17	4,013,510.71	331,804,558.88
2. Carrying amount at the beginning of the year	136,295,387.53	5,210,407.90	141,505,795.43

Note: The main reasons for the provision for impairment of right-of-use assets in current year are set out in Note VI. 4. (1). 1).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

17. Intangible assets

(1) Breakdown of intangible assets

Items	Land use rights	Proprietary technology	Software	Mining rights	Total
I. Original book value					
1. Opening balance	1,119,916,756.43	183,265,034.60	109,123,985.07	0.00	1,412,305,776.10
2. Increase in current year	315,069,293.34	0.00	20,383,519.02	17,671,257.28	353,124,069.64
(1) Acquisition	298,081,814.39	0.00	20,383,519.02	17,671,257.28	336,136,590.69
(2) Independent R&D	0.00	0.00	0.00	0.00	0.00
(3) Increase in scope of consolidation	16,987,478.95	0.00	0.00	0.00	16,987,478.95
(4) Transfer from construction in progress	0.00	0.00	0.00	0.00	0.00
3. Decrease in current year	0.00	10,800,000.00	28,333.33	0.00	10,828,333.33
(1) Disposal	0.00	10,800,000.00	28,333.33	0.00	10,828,333.33
(2) Decrease in scope of consolidation	0.00	0.00	0.00	0.00	0.00
(3) Others	0.00	0.00	0.00	0.00	0.00
4. Closing balance	1,434,986,049.77	172,465,034.60	129,479,170.76	17,671,257.28	1,754,601,512.41
II. Accumulated amortization					
1. Opening balance	152,244,107.87	129,420,187.21	36,005,152.35	0.00	317,669,447.43
2. Increase in current year	39,482,779.84	7,335,936.90	19,883,872.27	4,547,813.75	71,250,402.76
(1) Accrual	36,444,650.45	7,335,936.90	19,883,872.27	4,547,813.75	68,212,273.37
(2) Increase in scope of consolidation	3,038,129.39	0.00	0.00	0.00	3,038,129.39
(3) Others	0.00	0.00	0.00	0.00	0.00
3. Decrease in current year	0.00	8,103,825.00	28,333.33	0.00	8,132,158.33
(1) Disposal	0.00	8,103,825.00	28,333.33	0.00	8,132,158.33
(2) Decrease in scope of consolidation	0.00	0.00	0.00	0.00	0.00
(3) Others	0.00	0.00	0.00	0.00	0.00
4. Closing balance	191,726,887.71	128,652,299.11	55,860,691.29	4,547,813.75	380,787,691.86

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

17. Intangible assets (Continued)

(1) Breakdown of intangible assets (Continued)

Items	Land use rights	Proprietary technology	Software	Mining rights	Total
III. Provision for impairment					
1. Opening balance	0.00	8,010,172.12	3,948,074.07	0.00	11,958,246.19
2. Increase in current year	12,369,041.57	0.00	0.00	0.00	12,369,041.57
(1) Accrual	12,369,041.57	0.00	0.00	0.00	12,369,041.57
3. Decrease in current year	0.00	2,696,175.00	0.00	0.00	2,696,175.00
(1) Disposal	0.00	2,696,175.00	0.00	0.00	2,696,175.00
4. Closing balance	12,369,041.57	5,313,997.12	3,948,074.07	0.00	21,631,112.76
IV. Carrying amount					
1. Carrying amount at the end of the year	1,230,890,120.49	38,498,738.37	69,670,405.40	13,123,443.53	1,352,182,707.79
2. Carrying amount at the beginning of the year	967,672,648.56	45,834,675.27	69,170,758.65	0.00	1,082,678,082.48

Note 1: The new mining right of RMB17,671,257.28 in current year was due to the mining right of construction sand mine at No. 8, west side of Jicai Road in Zhudong Economic Development Zone, which was transferred to Xinjiang Xinte Energy Construction Material Co., Ltd. (新疆新特新能建材有限公司), a subsidiary of the Company, on 1 June 2022. As at 31 December 2022, the certificate has been completed.

Note 2: The increase in scope of consolidation was due to the acquisition of 100% equity interest in Xuyi High Drive Wind Power Co., Ltd. (盱眙高傳風力發電有限公司) by Sunoasis, a subsidiary of the Company, through auction, which was included in the scope of the consolidation.

Note 3: The main reasons for the provision for impairment of intangible assets in current year are set out in Note VI. 4. (1).1).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

17. Intangible assets (Continued)

(2) Land use rights without certificate of title

Items	Carrying amount	Reason for not having the certificate of title
Land for Yunnan Lincang Yunxian Ganlongtan On-grid PV Project	15,728,418.26	Long processing cycle
Land for Wuwei Wusheng 150MW PV Power Generation Project	12,132,988.00	Long processing cycle
Land for Wind Turbine Tower Project for the New Energy Equipment Manufacturing Industry	10,329,446.46	Long processing cycle
Land for Hebei Shijiazhuang Xingtang 5.5MW PV Power Generation Grid-Parity Project	9,348,498.65	Long processing cycle

18. Long-term amortization expenses

Items	Opening balance	Increase in current year	Amortization in current year	Closing balance
Self-provided power plant maintenance fees	4,586,783.88	0.00	4,586,783.88	0.00
Long-term right of delivery	0.00	34,114,500.00	3,553,593.75	30,560,906.25
Total	4,586,783.88	34,114,500.00	8,140,377.63	30,560,906.25

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

19. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets not offset

Items	Closing balance	
	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	2,423,922,648.06	367,366,437.80
Deferred income	356,157,910.69	53,423,686.60
Provision for retention money	103,834,733.59	15,575,210.04
Provision for other expenses	32,076,193.89	4,795,465.29
Share-based compensation expenses	26,732,956.55	3,998,128.82
Unrealized profits of intra-group transactions	1,244,466,245.95	186,669,936.89
Deductible losses	131,793,031.81	20,122,119.02
Others	115,067,463.05	17,868,379.38
Total	4,434,051,183.59	669,819,363.84

Items	Opening balance	
	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	1,211,895,828.20	182,612,520.29
Deferred income	412,075,208.09	70,076,281.23
Provision for retention money	90,461,843.89	13,569,276.59
Provision for other expenses	37,607,503.91	5,650,744.95
Share-based compensation expenses	26,314,618.86	3,947,192.82
Unrealized profits of intra-group transactions	605,152,137.66	90,772,820.65
Deductible losses	114,715,410.20	17,564,612.43
Others	116,989,882.70	17,548,482.41
Total	2,615,212,433.51	401,741,931.37

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

19. Deferred income tax assets and deferred income tax liabilities (Continued)

(2) Deferred income tax liabilities not offset

Item	Closing balance Taxable temporary differences	Deferred income tax liabilities
Accelerated depreciation of fixed assets	3,529,358,536.36	529,403,780.45
Total	3,529,358,536.36	529,403,780.45

Item	Opening balance Taxable temporary differences	Deferred income tax liabilities
Accelerated depreciation of fixed assets	1,050,983,804.80	157,647,570.72
Total	1,050,983,804.80	157,647,570.72

(3) Breakdown of unrecognized deferred income tax assets

Items	Closing balance	Opening balance
Deductible temporary differences	121,660,273.04	30,265,261.28
Deductible losses	894,715,626.30	616,258,525.63
Total	1,016,375,899.34	646,523,786.91

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

19. Deferred income tax assets and deferred income tax liabilities (Continued)

- (4) Deductible losses under unrecognized deferred income tax assets with maturity in the years indicated below

Year	Closing balance	Opening balance
2022	0.00	80,531,105.02
2023	150,089,169.66	150,238,255.71
2024	37,401,713.02	37,748,954.08
2025	82,766,158.26	82,595,487.86
2026	372,749,018.56	265,144,722.96
2027 and beyond	251,709,566.80	0.00
Total	894,715,626.30	616,258,525.63

20. Other non-current assets

Items	Book balance	Closing balance Provision for impairment	Carrying amount
Prepayments for long-term assets	1,450,669,412.93	0.00	1,450,669,412.93
Amount of value-added tax credits that are expected to be deducted for more than one year	1,160,194,688.31	0.00	1,160,194,688.31
Total	2,610,864,101.24	0.00	2,610,864,101.24

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

20. Other non-current assets (Continued)

Items	Book balance	Opening balance Provision for impairment	Carrying amount
Prepayments for long-term assets	1,241,920,540.71	0.00	1,241,920,540.71
Value-added tax credits	1,178,781,346.08	0.00	1,178,781,346.08
Total	2,420,701,886.79	0.00	2,420,701,886.79

21. Short-term borrowings

(1) Short-term borrowings by category

Category	Closing balance	Opening balance
Credit loans	1,624,854,941.84	1,281,152,861.11
Factoring loans	6,380,000.00	3,166,000.00
Bank acceptance notes discounted but not derecognized	300,877,694.62	481,782,138.17
Total	1,932,112,636.46	1,766,100,999.28

(2) Outstanding overdue short-term borrowings in the Reporting Period: Nil.

22. Financial liabilities held for trading

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Financial liabilities held for trading	0.00	3,263,277.24	0.00	3,263,277.24
Including: Derivative financial liabilities	0.00	3,263,277.24	0.00	3,263,277.24
Total	0.00	3,263,277.24	0.00	3,263,277.24

Note: Derivative financial liabilities represent the amount of unsettled forward settlement and sale of foreign exchange held by the Company at the end of the period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

23. Notes payable

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

The total amount of outstanding notes payable at the end of 2022 was RMB163,601.66, which was due to the fact that the holders of the notes did not make settlement in time.

The aging of all the Group's notes payable above as at the end of the year is within 365 days.

24. Accounts payable

(1) Accounts payable by aging based on recording dates

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	7,658,657,463.07	3,547,723,666.97
1 year to 2 years (inclusive)	977,579,548.39	1,030,149,961.19
2 years to 3 years (inclusive)	929,092,815.74	411,643,142.01
Over 3 years	833,688,590.61	583,578,055.23
Total	10,399,018,417.81	5,573,094,825.40

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

24. Accounts payable (Continued)

(2) Significant accounts payable with aging of over 1 year

Name of entity	Closing balance	Reason for non-repayment or carry-forward
Hualu Engineering & Technology Co., Ltd. (華陸工程科技有限責任公司)	328,407,421.73	Payments for equipment, not yet settled
Siemens Gamesa Renewable Energy Technology (China) CO., LTD. (西門子歌美颯可再生能源科技(中國)有限公司)	159,354,079.89	Payments for material, not yet settled
Hadian Wind Power Co., Ltd. (哈電風能有限公司)	74,547,213.67	Payments for material, not yet settled
三一重能股份有限公司 Sany Heavy Energy Co., Ltd (三一重能股份有限公司)	52,640,569.27	Payments for material, not yet settled
Power China Hubei Electricity Construction Co., Ltd. (中電建湖北電力建設有限公司)	50,463,383.17	Payments for project, not yet settled
Total	665,412,667.73	—

25. Contract liabilities

Items	Closing balance	Opening balance
Sales revenue received in advance	1,550,025,089.90	1,147,253,149.39
Project payments received in advance	195,891,421.29	449,404,930.65
Settled but uncompleted payments	797,347,230.92	380,739,223.73
Total	2,543,263,742.11	1,977,397,303.77

As at the end of 2022, the carrying amounts of the Group's contract liabilities recorded significant increase as compared with the levels at the end of 2021. The increase in sales revenue received in advance was due to the fact that the Group's polysilicon products witnessed revenue growth in 2022. Some new projects reached the invoicing nodes as agreed in the contract, resulting in the increase of projects settled but not completed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

26. Staff remuneration payables

(1) Staff remuneration payables by category

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Short-term compensation	381,247,208.59	2,070,231,790.34	1,779,579,348.95	671,899,649.98
Post-employment benefits – defined contribution plans	4,032,613.78	110,794,923.56	108,236,182.52	6,591,354.82
Termination benefits	73.69	3,702,063.22	3,702,136.91	0.00
Total	385,279,896.06	2,184,728,777.12	1,891,517,668.38	678,491,004.80

(2) Short-term compensation

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Salaries, bonuses, allowances and subsidies	349,050,991.97	1,831,877,071.84	1,571,647,491.68	609,280,572.13
Employee benefits	0.00	50,735,244.43	50,735,244.43	0.00
Social insurance	2,227,561.86	60,330,627.42	58,884,772.50	3,673,416.78
Including: Medical insurance	2,120,101.43	55,048,282.01	53,767,906.62	3,400,476.82
Work-related injury insurance	90,357.20	5,177,919.38	5,011,531.72	256,744.86
Maternity insurance	17,103.23	104,426.03	105,334.16	16,195.10
Housing provident funds	1,366,303.71	62,372,163.64	59,752,083.28	3,986,384.07
Labor union fees and employee education fees	28,602,351.05	64,916,683.01	38,559,757.06	54,959,277.00
Short-term paid leaves	0.00	0.00	0.00	0.00
Short-term profit distribution plans	0.00	0.00	0.00	0.00
Termination benefits and internal retirement compensation	0.00	0.00	0.00	0.00
Total	381,247,208.59	2,070,231,790.34	1,779,579,348.95	671,899,649.98

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

26. Staff remuneration payables (Continued)

(3) Defined contribution plans

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Basic pension	3,909,153.84	106,431,112.04	104,038,672.89	6,301,592.99
Unemployment insurance	112,179.61	3,676,621.16	3,548,269.15	240,531.62
Enterprise annuity	11,280.33	687,190.36	649,240.48	49,230.21
Total	4,032,613.78	110,794,923.56	108,236,182.52	6,591,354.82

27. Taxes payable

Items	Closing balance	Opening balance
Enterprise income tax	528,114,192.18	438,763,312.98
Value-added tax	121,784,522.04	378,571,362.78
Urban maintenance and construction tax	9,469,901.44	20,066,912.13
Individual income tax	37,268,591.05	9,686,732.96
Educational surcharge	4,232,814.05	6,908,933.90
Local educational surcharge	2,821,876.05	4,605,955.96
Real estate tax	1,218,181.46	782,120.90
Land use tax	840,361.66	705,415.43
Stamp duty	5,951,137.92	483,983.10
Environmental protection tax	186,271.81	344,078.00
Foundation for water works	120,381.38	104,087.11
Total	712,008,231.04	861,022,895.25

Note: The significant increase in the closing balance of taxes payable as at the end of 2022 was caused by the increase in the payable enterprise income tax and the payable value-added tax. The increase of enterprise income tax and value-added tax was mainly due to the significant increase in the sales price of the Company's polysilicon products, the increase in sales, and the significant increase in the profit of the polysilicon segment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

28. Other payables

Items	Closing balance	Opening balance
Interests payable	0.00	0.00
Dividends payable	852,205.20	13,394,100.00
Other payables	338,812,242.46	231,252,800.47
Total	339,664,447.66	244,646,900.47

28.1 Interests payable

Nil.

28.2 Dividends payable

Item	Closing balance	Opening balance
Dividends for ordinary shares	852,205.20	13,394,100.00
Total	852,205.20	13,394,100.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

28. Other payables (Continued)

28.3 Other payables

(1) Other payables by nature

Nature	Closing balance	Opening balance
Margin and deposits payable	110,665,203.43	64,471,554.22
Fees payable	72,162,986.06	86,929,203.18
Advances payable	77,477,600.57	69,406,784.99
Due to related parties	76,951.50	4,839,993.47
Equity transfer payable	71,473,300.00	0.00
Other payables	6,956,200.90	5,605,264.61
Total	338,812,242.46	231,252,800.47

(2) Significant other payables with aging of over 1 year

Name of entity	Closing balance	Reason for non-repayment or carryforward
Xuanhua Yuanhe New Energy Co., Ltd. (宣化縣源和新能源有限公司)	22,469,102.98	Advances payable unsettled
Dingbian Jiayi Energy Development Co., Ltd. (定邊縣佳益能源開發有限公司)	7,070,082.87	Advances payable unsettled
Nanjing Zhongren Energy Technology Co., Ltd. (南京中人能源科技有限公司)	6,227,392.44	Advances payable unsettled
Nanjing Gaochuan Electromechanical Automatic Control Equipment Co., Ltd. (南京高傳機電自動控制設備有限公司)	5,555,027.44	Advances payable unsettled
Huaneng Dingbian New Energy Power Co., Ltd. (華能定邊新能源發電有限公司)	3,000,000.00	Margin and deposits payable unsettled
Total	44,321,605.73	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

29. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year	2,048,915,504.86	1,617,640,705.00
Lease liabilities due within one year	22,925,704.87	23,765,991.12
Total	2,071,841,209.73	1,641,406,696.12

30. Other current liabilities

(1) Other current liabilities by category

Items	Closing balance	Opening balance
Notes receivable not derecognized	330,136,615.41	531,949,375.32
Sales tax to be carried forward	233,942,301.67	189,591,226.33
Total	564,078,917.08	721,540,601.65

31. Long-term borrowings

(1) Long-term borrowings by category

Category	Closing balance	Opening balance
Credit loans	3,994,877,233.69	1,291,361,044.99
Pledged borrowings	262,500,000.00	115,500,000.00
Mortgage loans	1,279,710,000.00	337,500,000.00
Secured borrowings	41,000,000.00	1,891,720,000.00
Mortgage and pledged loans	11,776,564,656.61	10,704,486,376.43
Total	17,354,651,890.30	14,340,567,421.42

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

31. Long-term borrowings (Continued)

(1) Long-term borrowings by category (Continued)

Interest rates of long-term borrowings

Category	Interest rates (%)
Credit loans	2.90–4.4
Mortgage loans	4.77
Secured borrowings	4.25–4.94
Pledged borrowings	3.05
Mortgage and pledged loans	2.40–4.65

(2) Maturity dates of long-term borrowings analyzed as below:

Category	Closing balance	Opening balance
Credit loans	3,994,877,233.69	1,291,361,044.99
Pledged borrowings	262,500,000.00	115,500,000.00
Mortgage loans	1,279,710,000.00	337,500,000.00
Secured borrowings	41,000,000.00	1,891,720,000.00
Mortgage and pledged loans	11,776,564,656.61	10,704,486,376.43
Total	17,354,651,890.30	14,340,567,421.42
The carrying amount of the above borrowings shall be repaid:	—	—
Within 1 year	2,022,246,286.83	1,641,406,696.12
1 to 2 years	1,978,949,486.32	2,163,585,344.59
2 to 5 years	4,379,943,359.52	4,744,214,123.53
Over 5 years	10,995,759,044.46	7,432,767,953.30
Amount due within one year, as shown under current liabilities	2,048,915,504.86	1,617,640,705.00
Amount shown under non-current liabilities	17,354,651,890.30	14,340,567,421.42

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

32. Lease liabilities

Items	Closing balance	Opening balance
Lease payments	384,327,972.22	255,379,650.00
Unrecognized financing cost	-123,200,040.45	-90,248,605.30
Reclassification to non-current liabilities due within one year	-22,925,704.87	-23,765,991.12
Total	238,202,226.90	141,365,053.58

33. Long-term payables

Item	Closing balance	Opening balance
Long-term payables	355,100,000.00	337,150,000.00
Total	355,100,000.00	337,150,000.00

33.1 Long-term payables

(1) Long-term payables by nature

Nature	Closing balance	Opening balance
Special loans	355,100,000.00	337,150,000.00
Total	355,100,000.00	337,150,000.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

33. Long-term payables (Continued)

33.1 Long-term payables (Continued)

(2) Analysis of maturity dates of long-term payables

Category	Closing balance	Opening balance
Special loans	355,100,000.00	337,150,000.00
Payments for equipment	0.00	0.00
Total	355,100,000.00	337,150,000.00
The carrying amount of the above items shall be repaid:	—	—
Within 1 year	0.00	0.00
Over 1 year but less than 2 years after the balance sheet date	0.00	0.00
Over 2 years but less than 5 years after the balance sheet date	355,100,000.00	337,150,000.00
Over 5 years after the balance sheet date	0.00	0.00
Bonds due within one year, as shown under current liabilities	0.00	0.00
Amount shown under non-current liabilities	0.00	0.00

33.2 Special payables

Nil.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

34. Accrued liabilities

Items	Closing balance	Opening balance
Product quality assurance	95,384,570.19	88,384,543.89
Compensation for project delay	11,755,931.92	14,821,533.40
Pending lawsuits	6,064,180.31	2,077,300.00
Expected refund of tariff subsidy	113,858,724.72	0.00
Onerous contract to be performed	688,522.61	0.00
Total	227,751,929.75	105,283,377.29

35. Deferred income

(1) Deferred income by category

Items	Opening balance	Increase in current year	Decrease in current year	Other changes	Closing balance	Reason
Government grants (related to assets)	447,304,051.01	7,241,591.11	43,426,145.74	0.00	411,119,496.38	Related to assets
Government grants (related to income)	2,646,808.51	0.00	1,276,595.50	0.00	1,370,213.01	Related to income
Internal unrealized gains and losses in downstream transactions	0.00	55,105,524.28	0.00	0.00	55,105,524.28	—
Total	449,950,859.52	62,347,115.39	44,702,741.24	0.00	467,595,233.67	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

35. Deferred income (Continued)

(2) Items of government grants

Items of government grants	Opening balance	New grants in current period	Amount included in other income in current period	Other changes	Closing balance	Related to assets/ Related to income
Development of 200,000-ton-per-annum High-purity Polysilicon, Supporting 200,000-ton Industrial-grade Silicon and New Energy Power Plant	82,650,000.00	0.00	1,475,892.87	0.00	81,174,107.13	Related to assets
2018 Industrial Transformation and Upgrading Fund –Intranet Upgrading and Integrated Application of High-purity Silicon-based New Materials Based on the Industrial Internet Platform	44,642,857.14	0.00	3,571,428.57	0.00	41,071,428.57	Related to assets
Upgrading of Cold Hydrogenation Technology for 360,000-ton-per-annum Recycling of Polysilicon Byproduct Silicon Oxide	42,857,142.86	0.00	7,142,857.14	0.00	35,714,285.72	Related to assets
Construction of Enterprise Network-based Upgrading Promotion Platform for the Silicon-based Materials Industry	16,910,000.00	0.00	704,583.33	0.00	16,205,416.67	Related to assets
Construction of Public Service Platform for New Materials Testing and Evaluation	15,140,000.00	0.00	540,714.30	0.00	14,599,285.70	Related to assets
Subsidies for the Demonstration Project of Electronic-grade High-purity Polysilicon Technology Upgrading	16,628,571.42	0.00	2,078,571.43	0.00	14,549,999.99	Related to assets
Funds for Construction of TBeCloud Industrial Internet Platform	15,300,000.00	0.00	2,680,911.02	0.00	12,619,088.98	Related to assets
Support Funds for 1,500-ton-per-annum Polysilicon Expansion	12,880,000.00	0.00	1,555,555.56	0.00	11,324,444.44	Related to assets
Polysilicon cold hydrogenation synthesis gas heat recovery and slurry process energy-saving optimization project	10,500,000.00	0.00	437,500.00	0.00	10,062,500.00	Related to assets
2018 Ecological Civilization Construction Projects Funded by Central Government's Budgets – 10,000-ton Polysilicon CDI System Energy Efficiency Improvement	10,937,500.00	0.00	892,857.14	0.00	10,044,642.86	Related to assets
Central government's support funds for high-quality development of the manufacturing sector for 2019	10,607,142.85	0.00	964,285.71	0.00	9,642,857.14	Related to assets
Green Manufacturing System Integration Project in 2016	10,526,785.71	0.00	964,285.71	0.00	9,562,500.00	Related to assets
Urumqi Air Pollution Control Project	10,205,714.26	0.00	1,275,714.29	0.00	8,929,999.97	Related to assets

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

35. Deferred income (Continued)

(2) Items of government grants (Continued)

Items of government grants	Opening balance	New grants in current period	Amount included in other income in current period	Other changes	Closing balance	Related to assets/ Related to income
High-purity polysilicon intelligent manufacturing innovation mode application project	8,708,791.21	0.00	714,285.71	0.00	7,994,505.50	Related to assets
Key projects for resource conservation and recycling in 2017	8,035,714.29	0.00	642,857.14	0.00	7,392,857.15	Related to assets
Central financial industrial transformation and upgrading funds	7,976,190.48	0.00	714,285.71	0.00	7,261,904.77	Related to assets
2016 Provincial industrial transformation and upgrading special fund project and high-end equipment manufacturing special fund project	7,416,666.63	0.00	500,000.04	0.00	6,916,666.59	Related to assets
Special funds for the central infrastructure investment budget	7,437,500.00	0.00	607,142.86	0.00	6,830,357.14	Related to assets
Industrial transformation and upgrading of public service platform funds	8,745,000.00	0.00	1,980,000.00	0.00	6,765,000.00	Related to assets
State-owned assets supervision and administration commission 2021 pollution control and energy conservation and carbon reduction special energy conservation and emission reduction project funds (國有資產監督管2021年污染治理和節能減碳專項節能減排項目資金)	6,400,000.00	0.00	0.00	0.00	6,400,000.00	Related to assets
2016 key projects for resource conservation and recycling under the Central Budget Investment Plan	6,387,857.14	0.00	580,714.29	0.00	5,807,142.85	Related to assets
2015 key projects of industrial transformation and upgrading 10,000-ton Polysilicon Cold Hydrogenation Thermal Energy Comprehensive Utilization and Transformation Project (《萬噸級多晶硅冷氫化熱能綜合利用改造項目》)	6,400,000.00	0.00	600,000.00	0.00	5,800,000.00	Related to assets
Others	82,657,425.53	7,241,591.11	14,078,298.42	0.00	75,820,718.22	—
Total	449,950,859.52	7,241,591.11	44,702,741.24	0.00	412,489,709.39	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

36. Share capital

Name of shareholder	Opening balance	Issue of new shares	Changes in current year (+, -)			Sub-total	Closing balance
			Bonus issue	Share capital converted from reserves	Others		
TBEA Co., Ltd	951,226,161.00	0.00	0.00	0.00	-29,940,000.00	-29,940,000.00	921,286,161.00
Xinjiang Tebian (Group) Co., Ltd.	58,246,308.00	0.00	0.00	0.00	25,616,800.00	25,616,800.00	83,863,108.00
Xinjiang Honglian Venture Capital Co., Ltd.	25,616,800.00	0.00	0.00	0.00	-25,616,800.00	-25,616,800.00	0.00
Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.	2,896,800.00	0.00	0.00	0.00	0.00	0.00	2,896,800.00
Liu Bingcheng	774,732.00	0.00	0.00	0.00	0.00	0.00	774,732.00
Jia Boyun	448,560.00	0.00	0.00	0.00	0.00	0.00	448,560.00
Jinglong Technology Holdings Limited	14,619,883.00	0.00	0.00	0.00	0.00	0.00	14,619,883.00
TBEA (HONGKONG) CO., LIMITED	1,223,200.00	0.00	0.00	0.00	0.00	0.00	1,223,200.00
Public shares	374,947,556.00	0.00	0.00	0.00	0.00	0.00	374,947,556.00
Employee share ownership platform	0.00	0.00	0.00	0.00	29,940,000.00	29,940,000.00	29,940,000.00
Total shares	1,430,000,000.00	0.00	0.00	0.00	0.00	0.00	1,430,000,000.00

Note: The Company's third extraordinary Board meeting in 2022 held on 15 March 2022, and first EGM in 2022 held on 5 May 2022 considered and approved the resolution on proposed adoption of the 2022 Employee Share Ownership Scheme of the Company. The Company granted 29.94 million Domestic Shares to the participants of the 2022 Employee Share Ownership Scheme (a total of 500 participants including Directors, Supervisors, senior management, middle management, core technical employees and core business employees of the Company) through the Shareholding Platforms of the 2022 Employee Share Ownership Scheme. The source of the shares was originated from the transfer of Domestic Shares held by TBEA, the Controlling Shareholder of the Company. The grant price was RMB13.73 per share.

On 30 December 2021, Xinjiang Honglian Venture Capital Co., Ltd. signed the Share Transfer Agreement with Xinjiang Tebian (Group) Co., Ltd., pursuant to which 25,616,800 Domestic Shares held by it in the Company (accounting for 1.79% of the Company's total share capital) were transferred in whole by Xinjiang Honglian Venture Capital Co., Ltd. to Xinjiang Tebian (Group) Co., Ltd. at a transfer price of RMB13.73 per share, which is determined with reference to the Company's net asset per unit at 30 September 2021 and the price of the latest issue of Domestic Shares. On 3 March 2022, the registration for transfer has been completed at China Securities Depository and Clearing Corporation Limited.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

37. Capital reserve

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Share premium	9,056,166,620.18	19,008,443.24	98,059,529.17	8,977,115,534.25
Other capital reserve	103,901,998.93	35,348,650.80	16,134,118.50	123,116,531.23
Total	9,160,068,619.11	54,357,094.04	114,193,647.67	9,100,232,065.48

Notes:

- (1) "Capital reserve — share premium" included increase of RMB19,008,443.24 in the current year, mainly due to the transfer of share-based expenses which are originally included in other capital reserve to share premium as a result of the exercise of share option incentives during the year, as well as increase in capital reserve as a result of the acquisition of minority interests by a subsidiary Sunoasis. It included decrease of RMB98,059,529.17 in the current year, which was due to the Company's capital increase of RMB1.7 billion in its controlling subsidiary Sunoasis in 2022, with its shareholding ratio increasing from 71.57% to 75.75%, and therefore, the Company adjusted the capital reserve-share premium by the difference between its share of net assets of Sunoasis according to the shareholding ratio before and after the capital increase.
- (2) "Capital reserve — others" included increase of RMB35,348,650.80 in the current year, representing the Company's equity-settled share-based compensation expenses, and decrease of RMB16,134,118.50 in the current year, mainly due to the transfer of share-based expenses which are originally included in other capital reserve to share premium as a result of the exercise of share option incentives during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

38. Other comprehensive income

Items	Opening balance	Amount recognized in current year				Closing balance
		Amount before tax in current year	Less: income tax expenses	After-tax amount attributable to the parent company	After-tax amount attributable to non-controlling interest	
I. Other comprehensive income not reclassified to profit or loss	-4,233,052.18	0.00	0.00	0.00	0.00	-4,233,052.18
Changes in fair value of investments in other equity instruments	-4,233,052.18	0.00	0.00	0.00	0.00	-4,233,052.18
II. Other comprehensive income to be reclassified to profit or loss	174,708.73	219,987.35	0.00	198,328.15	21,659.20	373,036.88
Exchange differences on translation of financial statements in foreign currency	174,708.73	219,987.35	0.00	198,328.15	21,659.20	373,036.88
Total other comprehensive income	-4,058,343.45	219,987.35	0.00	198,328.15	21,659.20	-3,860,015.30

39. Special reserve

Items	Closing balance	Opening balance
Safe production expenses	9,623,405.48	0.00
Total	9,623,405.48	0.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

40. Surplus reserve

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Statutory surplus reserve	547,653,992.38	434,301,900.29	0.00	981,955,892.67
Total	547,653,992.38	434,301,900.29	0.00	981,955,892.67

41. Undistributed profit

Items	Current year	Previous year
Balance at the end of the previous year	8,893,910,525.69	4,262,694,085.15
Add: Adjustment of undistributed profit at the beginning of the year	0.00	0.00
Balance at the beginning of the year	8,893,910,525.69	4,262,694,085.15
Add: Net profit attributable to owners of the parent company for the year	13,395,473,298.73	4,955,264,764.83
Less: Appropriation to statutory surplus reserve	434,301,900.29	204,048,324.29
Appropriation to discretionary surplus reserve	0.00	0.00
Appropriation to general risk reserve	0.00	0.00
Payable dividends for ordinary shares	1,573,000,000.00	120,000,000.00
Dividends of ordinary shares transferred to share capita	0.00	0.00
Balance at the end of the year	20,282,081,924.13	8,893,910,525.69

On 24 May 2022, the payment of 2021 final dividend was considered and approved at the Company's 2021 AGM. The Company has declared a final dividend of RMB1.10 per share (tax inclusive) for the year ended 31 December 2021, amounting to RMB1,573,000,000.00 in total. The payment of dividend of RMB1,570,416,544.66 was made as at 31 December 2022.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

42. Operating revenue, operating cost

(1) Operating revenue, operating cost

Items	Amount recognized in current year	
	Revenue	Cost
Main businesses	37,047,696,820.80	16,082,471,082.66
Other businesses	493,417,678.88	383,795,603.42
Total	37,541,114,499.68	16,466,266,686.08

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

(2) By business segment

Items	Amount recognized in current year	
	Revenue from main businesses	Cost of main businesses
Polysilicon	25,663,307,724.41	7,597,295,079.02
Construction of wind power and PV power plants	7,688,088,705.29	6,181,236,211.54
Operation of wind power and PV power plants	2,038,316,519.58	827,462,807.27
Others	1,657,983,871.52	1,476,476,984.83
Total	37,047,696,820.80	16,082,471,082.66

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

42. Operating revenue, operating cost (Continued)

(2) By business segment (Continued)

Items	Amount recognized in current year	
	Revenue from main businesses	Cost of main businesses
Polysilicon	11,575,636,767.66	4,785,281,691.61
Construction of wind power and PV power plants	7,761,437,141.60	6,734,690,565.76
Operation of wind power and PV power plants	1,873,544,983.78	587,078,560.28
Others	1,099,389,235.75	936,475,039.24
Total	22,310,008,128.79	13,043,525,856.89

43. Taxes and surcharges

Items	Amount recognized in current year	Amount recognized in current year
Urban maintenance and construction tax	171,778,174.35	56,891,831.39
Educational surcharge	74,293,929.67	25,079,355.14
Local educational surcharge	49,517,471.24	16,726,621.55
Stamp duty	36,472,362.03	24,102,390.97
Real estate tax	31,124,342.05	22,897,865.16
Land use tax	21,391,386.68	17,826,540.95
Foundation for water works	836,123.82	1,166,123.95
Environmental protection tax	725,218.12	1,359,994.50
Vehicle and vessel use tax	16,161.23	31,300.00
Resource tax	5,620.00	19,599.50
Land Appreciation Tax	0.00	1,642,516.87
Others	110,036.00	456,414.75
Total	386,270,825.19	168,200,554.73

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

44. Selling expenses

Items	Amount in current year	Amount in previous year
Employee compensation	211,882,258.79	160,480,871.51
Early project fees	158,553,970.00	257,795,787.89
Quality cost	73,258,325.75	99,419,156.20
Business entertainment	69,741,147.12	78,714,431.43
Travel expenses	30,146,861.72	34,578,707.42
Labor service fees	21,451,346.38	19,314,144.76
Lease payments	21,167,254.47	19,662,346.40
Insurance	21,051,489.71	318,243.00
Tender fees	10,646,027.53	6,689,791.28
Advisory fees	10,290,018.73	26,756,075.22
Material consumption	6,666,828.69	16,417,846.99
Agent fees	4,328,532.18	5,994,696.38
Vehicle fees	3,208,593.23	2,748,501.39
Office expenses	2,859,067.78	2,586,254.20
Advertising and promotion fees	1,453,220.70	2,551,913.21
Convention service expenses	163,833.58	915,954.31
Others	10,791,092.07	7,531,486.09
Total	657,659,868.43	742,476,207.68

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

45. Administrative expenses

Items	Amount recognized in current year	Amount recognized in current year
Employee compensation	487,486,026.95	400,737,013.57
Depreciation and amortization cost	100,301,578.99	68,379,170.75
Advisory fees	71,663,225.15	32,556,079.59
Labor service and greening fees	57,251,656.34	53,027,190.11
Share-based payment	21,676,147.13	13,582,025.13
Advertising and promotion fees	20,335,552.77	16,109,986.08
Maintenance fees	15,281,359.23	7,741,752.77
Epidemic prevention expenses	15,171,619.00	0.00
Travel expenses	14,586,808.29	13,034,872.68
Business entertainment	11,317,360.83	13,777,228.21
Office expenses	10,893,936.85	6,812,482.27
Lease payments	9,957,809.61	31,485,513.38
Utilities	7,375,071.29	2,168,961.62
Intermediary fees	7,169,646.67	5,197,115.45
Including: Auditor's remuneration	5,386,283.60	4,592,578.56
— Audit service fees	5,343,830.77	4,434,366.00
— Other service fees	42,452.83	158,212.56
Legal cost	6,994,004.83	9,015,765.70
Training expense	6,113,504.31	3,485,285.32
vehicle fees	5,490,418.54	2,450,896.91
Labour insurance premium	5,244,409.25	1,100,423.49
Recruitment expenses	3,465,891.57	1,774,162.31
Insurance	2,522,200.39	1,064,386.04
Convention service expenses	667,962.43	689,687.23
Others	25,525,547.33	18,249,177.39
Total	906,491,737.75	702,439,176.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

46. R&D expenses

Items	Amount recognized in current year	Amount recognized in current year
Direct inputs	144,040,288.69	143,801,409.03
Staff labor costs	107,567,822.27	84,028,030.34
Depreciation and amortization expenses	27,483,760.43	77,520,184.45
Other related costs	46,255,135.31	31,896,171.83
Total	325,347,006.70	337,245,795.65

47. Financial expenses

Items	Amount recognized in current year	Amount recognized in current year
Interest expenses	786,816,577.32	742,951,253.16
Less: Interest income	85,865,286.42	43,616,571.23
Exchange loss (gain)	-14,744,491.73	-5,177,184.72
Handling fees and others	15,933,484.49	19,722,543.25
Total	702,140,283.66	713,880,040.46

48. Other revenue

Sources of other revenue	Amount recognized in current year	Amount recognized in current year
Government grants	92,977,265.35	71,545,979.92
Refund of handling fees for withholding individual income tax	4,006,295.69	5,686,408.13
Total	96,983,561.04	77,232,388.05

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

48. Other revenue (Continued)

(1) Breakdown of government grants

Items	Amount recognized in current year	Amount recognized in current year	Source and basis	Related to assets/income
Amortization of deferred income	44,702,741.24	45,109,954.11	—	—
Instant refund of value-added tax	7,551,508.67	702,865.81	Cai Shui (2011) No. 100, Cai Shui (2015) No. 74	Related to income
Subsidies for employment stabilization and expansion	4,068,125.82	7,434,732.93	2022 Publicity List of Enterprise Enjoying Unemployment Insurance Return for Employment Stabilization, Shan Ren She Fa [2020] No. 4	Related to income
Special development funds for high-tech enterprises (高新技術企業專項發展資金)	3,800,000.00	0.00	Xinjiang Uygur Autonomous Region 2022 List of Enterprises Enjoying High-tech Enterprise R&D Subsidies and Rewards	Related to income
Science and technology special project funds (科技專項項目資金)	2,900,000.00	0.00	2022 list of proposed major scientific and technological projects in the autonomous region, and notice on the publicity of proposed major scientific and technological projects and key research and development tasks in the autonomous region in 2022	Related to income
Social insurance subsidies	2,883,025.88	2,743,787.11	Social security subsidy approval form	Related to income
Technological innovation incentives	2,688,000.00	1,567,000.00	Notice on the publicity of 2022 Science and technology innovation award fund approval results in Ganquanpu Economic and Technological Development Zone, Branch of Ecological Environment and Industry Development Bureau in Urumqi Ganquanpu Economic and Technological Development Zone (Industry Zone)	Related to income
Input tax deduction	2,587,907.62	665,201.44	Announcement [2019] No. 39 of the MOF, the SAT and the GAC — Announcement on Relevant Policies for Deepening Value-Added Tax Reform	Related to income
2021 special fund for foreign economic and trade development	2,100,000.00	0.00	Letter on applying for the appropriation of 2021 foreign economic and trade development fund to joint declaration projects	Related to income
TBEA 2021 special fund for foreign economic and trade development	2,100,000.00	0.00	Letter on applying for the appropriation of 2022 foreign economic and trade development fund to joint declaration projects	Related to income

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

48. Other revenue (Continued)

(1) Breakdown of government grants (Continued)

Items	Amount recognized in current year	Amount recognized in current year	Source and basis	Related to assets/income
High-skilled personnel training base construction funds (高技能人才實訓基地建設經費)	2,000,000.00	0.00	Notice on the construction of autonomous region-level high-skilled talent training bases and skill master studio projects in 2022, and publicity on the review results of 2022 autonomous region-level high-skilled talent training base and skill master studio construction projects	Related to income
Key R&D Projects	1,500,000.00	0.00	Xin Cai Jiao [2022] No. 168 – Key R&D Projects	Related to income
The second batch of government grants for key industrial chain projects	1,400,000.00	0.00	Publicity of the list of projects to be supported by the special funds for industrial chain development (second batch)	Related to income
The sixth batch of inclusive policies in 2020 (Policy Subsidies for 3rd Round of Entrepreneurship)	1,342,642.00	0.00	Xi'an High-tech Zone Policy Subsidies for 3rd Round of Entrepreneurship (revised)	Related to income
Employment apprenticeship grants	1,281,420.00	0.00	Employment Apprenticeship Grant List	Related to income
Tuyouqi Employment Service Center Enterprises Employment Funds (土右旗就業服務中心企業吸納就業款項)	1,227,369.30	0.00	–	Related to income
Polysilicon cold hydrogenation synthesis gas heat recovery and slurry energy saving optimization project	1,000,000.00	0.00	Wu Cai Jian (2022) No. 204	Related to income
Treasury Department of Finance Department of Xinjiang Uygur Autonomous Region-special funds for technological research and development	1,000,000.00	0.00	Xin Ke Gui [2021] No. 3 – Administrative Measures for Engineering Technology Research Centers of the Autonomous Region (Trial)	Related to income
Policy Subsidies for 3rd Round of Entrepreneurship	0.00	6,945,076.00	Publicity of the Xi'an Municipal Bureau of Industry and Information on the list of enterprises to be awarded and subsidized by 2021 Municipal Industrial Development Special Fund	Related to income
Talent subsidies under the Tianchi Program	0.00	600,000.00	Xin Ren She Han (2021) No. 254	Related to income
10,000-ton polysilicon rectification and purification system thermal energy comprehensive utilization project	0.00	1,000,000.00	Xin Cai Jian [2021] No. 131	Related to income
Finance Bureau of Urumqi High-tech Industrial Development Zone subsidies for graduates come to Urumqi for internship	0.00	511,200.00	Urumqi Talent Service Center	Related to income

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

48. Other revenue (Continued)

(1) Breakdown of government grants (Continued)

Items	Amount recognized in current year	Amount recognized in current year	Source and basis	Related to assets/income
Reduction of taxes for Xinte Energy to hire retired soldiers (59 people)	0.00	531,000.00	Cai Shui [2019] No. 21	Related to income
Xinjiang Technical Institute of Physics and Chemistry, Chinese Academy of Sciences project according to the plan on distribution of funds of 1st year for major projects of Science & Technology Department of Xinjiang Uygur Autonomous Region	0.00	711,000.00	Xinjiang Technical Institute of Physics and Chemistry, Chinese Academy of Sciences	Related to income
Others	6,844,524.82	3,024,162.52	—	—
Total	92,977,265.35	71,545,979.92	—	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

49. Investment income

Items	Amount recognized in current year	Amount recognized in previous year
Income of long-term equity investments under equity method	81,860,923.46	58,083,839.06
Investment income from disposal of long-term equity investments	3,416,040.25	210,794,729.62
Investment income recognized for financial products	1,212,789.96	0.00
Investment income from financial and derivative instruments	-43,897,127.40	12,505,453.05
Dividend income received in the period of holding other equity instrument investments	0.00	905,417.52
Total	42,592,626.27	282,289,439.25

50. Gains from net exposure to hedging

Items	Amount recognized in current year	Amount recognized in previous year
Futures hedging	0.00	9,199,497.68
Total	0.00	9,199,497.68

51. Gain on changes in fair value

Items	Amount recognized in current year	Amount recognized in current year
Financial assets held for trading	0.00	5,362,060.36
Derivative financial assets	0.00	-5,274,043.01
Derivative financial liabilities	-6,067,239.59	0.00
Total	-6,067,239.59	88,017.35

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

52. Impairment loss of credit

Items	Amount recognized in current year	Amount recognized in current year
Loss on bad debts of notes receivable	-2,999,176.45	-7,447,461.98
Loss on bad debts of accounts receivable	-840,725,192.33	-114,229,364.79
Loss on bad debts of other receivables	-12,218,715.81	-8,445,903.66
Total	-855,943,084.59	-130,122,730.43

53. Impairment loss of assets

Items	Amount recognized in current year	Amount recognized in current year
Loss on stock depreciation	-70,747,834.64	-132,850,139.07
Loss on impairment of contract assets	-8,005,208.89	-9,095,012.88
Loss on impairment of long-term equity investment	-70,758,139.63	0.00
Loss on impairment of fixed assets	-317,640,793.11	-411,125,657.64
Loss on impairment of intangible assets	-12,369,041.57	-9,262,071.19
Loss on impairment of right-of-use assets	-4,116,874.73	0.00
Total	-483,637,892.57	-562,332,880.78

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

54. Gains from disposal of assets

Items	Amount recognized in current year	Amount recognized in current year	Amount included in non-recurring profit or loss of current year
Gains from disposal of non-current assets	-42,496,202.75	-1,366,630.28	-42,496,202.75
Including: Gains from disposal of non-current assets not classified as held for sale	-42,496,202.75	-1,366,630.28	-42,496,202.75
Including: Gains from disposal of fixed assets	-42,496,202.75	4,164,535.16	-42,496,202.75
Gains from disposal of intangible assets	0.00	-5,531,165.44	0.00
Total	-42,496,202.75	-1,366,630.28	-42,496,202.75

55. Non-operating revenue

(1) Breakdown of non-operating revenue

Items	Amount recognized in current year	Amount recognized in current year	Amount included in non-recurring profit or loss of current year
Gains from compensations and penalties	55,912,543.36	25,985,316.20	55,912,543.36
Others	14,767,657.57	4,483,356.89	14,767,657.57
Total	70,680,200.93	30,468,673.09	70,680,200.93

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

56. Non-operating expenses

Items	Amount in current year	Amount in previous year	Amount included in non-recurring profit or loss of current year
Losses on damage or retirement of non-current assets	42,704,586.32	0.00	42,704,586.32
Including: Loss on retirement of fixed assets	132.36	0.00	132.36
Loss on retirement of intangible assets	0.00	0.00	0.00
Loss on retirement of construction in progress	42,704,453.96	0.00	42,704,453.96
Extraordinary loss	27,672,217.05	0.00	27,672,217.05
Payment of charitable donations	1,030,000.00	858,407.08	1,030,000.00
Payment of compensations and penalties	29,865,633.86	9,917,703.04	29,865,633.86
Others	2,728,680.61	3,788,149.81	2,728,680.61
Total	104,001,117.84	14,564,259.93	104,001,117.84

Note: Extraordinary loss refers to the loss of construction in progress and right-of-use assets arising from related initial investment and compensation as a result of downsizing projects due to construction violations and others for PV power generation projects of Xingtang County Xingte New Energy Co., Ltd., which is a subsidiary of the Company.

57. Income tax expenses

Items	Amount recognized in current year	Amount recognized in current year
Current income tax calculated according to tax law and relevant regulations	2,307,037,906.48	1,006,410,019.17
— China enterprise income tax	2,307,037,906.48	1,006,410,019.17
— Hong Kong profits tax	0.00	0.00
— Macau income tax	0.00	0.00
Deferred income tax expenses	81,765,314.84	-72,075,122.54
Total	2,388,803,221.32	934,334,896.63

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

58. Items of the Cash Flow Statement

(1) Other cash received/paid relating to operating/investment/financing activities

1) Other cash received from activities relating to operation

Items	Amount recognized in current year	Amount recognized in current year
Cash received from penalties	38,927,396.09	14,778,294.96
Cash received from government grants	49,249,655.68	120,402,321.93
Received refunds of security the Company submitted to external parties	157,669,128.70	86,757,868.43
Cash received from security submitted by external parties	139,545,434.49	87,156,110.59
Cash received from interests of bank deposits	85,865,286.42	43,616,571.23
Other cashes received from operating activities	12,270,470.24	11,601,073.00
Restricted funds	0.00	50,373,947.65
Total	483,527,371.62	414,686,187.79

2) Other cash paid for activities relating to operating activities

Items	Amount recognized in current year	Amount recognized in current year
Cash paid for selling expenses, administrative expense and R&D expenses	500,483,724.06	526,884,997.26
Security the Company paid to external parties	205,264,102.96	163,430,128.20
Refunds of security of external parties	91,251,924.23	78,389,913.78
Cash paid for handling fees of relevant banking businesses	16,766,132.14	19,776,744.51
Other cashes paid for operating activities	30,807,414.52	4,301,809.65
Total	844,573,297.91	792,783,593.40

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

58. Items of the Cash Flow Statement (Continued)

(1) **Other cash received/paid relating to operating/investment/financing activities (Continued)**

3) *Other cash received relating to investment activities*

Items	Amount recognized in current year	Amount recognized in current year
Cash received from disposal of self-operated projects	19,916,090.00	605,195,965.12
Restricted funds	183,640,324.00	0.00
Others	21,246.72	0.00
Total	203,577,660.72	605,195,965.12

4) *Other cash paid relating to investment activities*

Items	Amount recognized in current year	Amount recognized in current year
Restricted funds	29,021.00	183,640,324.00
Decrease of net cash from disposal of subsidiaries	491,293.46	10,898,569.15
Settlement loss of financial assets held for trading	40,918,135.76	0.00
Total	41,438,450.22	194,538,893.15

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

58. Items of the Cash Flow Statement (Continued)

(1) Other cash received/paid relating to operating/investment/financing activities (Continued)

5) Other cash received relating to financing activities

Items	Amount recognized in current year	Amount recognized in current year
Borrowings of third parties	71,424,305.11	280,254,067.12
Restricted funds	1,027,122,924.51	224,597,044.92
Financial leasing	0.00	15,848,600.00
Total	1,098,547,229.62	520,699,712.04

6) Other cash paid relating to financing activities

Items	Amount recognized in current year	Amount recognized in current year
Restricted funds	801,172,649.60	607,734,341.92
Borrowings of third parties	27,308,816.95	26,984,598.18
Payment for the acquisition of the non-controlling interests in a subsidiary	3,871,995.67	0.00
Financial leasing	0.00	4,474,612.63
Total	832,353,462.22	639,193,552.73

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

58. Items of the Cash Flow Statement (Continued)

(2) Supplementary information of the consolidated cash flow statement

Items	Amount recognized in current year	Amount recognized in current year
1. Net profit reconciled to cash flows from operating activities:		
Net profit	14,426,245,721.45	5,384,011,024.20
Add: Provision for impairment of assets	483,637,892.57	562,332,880.78
Impairment loss of credit	855,943,084.59	130,122,730.43
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	1,814,477,035.36	1,450,486,154.62
Amortization of right-of-use assets	23,490,757.22	6,127,913.24
Amortization of intangible assets	68,212,273.37	48,925,169.05
Amortization of long-term deferred expenses	8,140,377.63	4,994,729.85
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is represented by "-")	42,496,202.75	1,366,630.28
Loss on retirement of fixed assets (gain is represented by "-")	42,704,586.32	0.00
Gain or loss from changes in fair value (gain is represented by "-")	6,067,239.59	-88,017.35
Financial expenses (income is represented by "-")	772,072,085.59	737,774,068.44
Investment loss (income is represented by "-")	-42,592,626.27	-282,289,439.25
Decrease of deferred income tax assets (increase is represented by "-")	-268,077,432.47	-68,914,245.06
Increase of deferred income tax liabilities (decrease is represented by "-")	371,756,209.73	-3,168,819.23
Decrease of inventories (increase is represented by "-")	-963,856,074.45	-1,636,097,291.70
Decrease of operating receivables (increase is represented by "-")	-4,171,517,423.18	-4,652,321,488.58
Increase of operating payables (decrease is represented by "-")	-736,967,792.89	2,626,995,973.91
Others	0.00	0.00
Net cash flow from operating activities	12,732,232,116.91	4,310,257,973.63
2. Significant investment and financing activities not involving cash receipt and payment		
Translation of debt into capita	0.00	0.00
Convertible corporate bonds due within one year	0.00	0.00
Fixed assets leased through financing	0.00	0.00
3. Changes of cash and cash equivalents:		
Balance of cash at the end of the year	3,409,764,114.29	3,192,107,888.60
Less: Balance of cash at the beginning of the year	3,192,107,888.60	1,993,529,192.05
Add: Balance of cash equivalents at the end of the year	0.00	0.00
Less: Balance of cash equivalents at the beginning of the year	0.00	0.00
Net increase of cash and cash equivalents	217,656,225.69	1,198,578,696.55

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

58. Items of the Cash Flow Statement (Continued)

(3) Net cash paid for acquiring subsidiaries in the current year

Nil.

(4) Net cash received from disposal of subsidiaries in the current year

Items	Amount in current year
Cash or cash equivalents received in the current year from disposal of subsidiaries in the year	446,767,190.00
Including: Tianmen Tiansheng Wind Power Co., Ltd. (天門天盛風力發電有限公司)	283,476,690.00
Zaozhuang Yizhiguang New Energy Co., Ltd. (棗莊嶧之光新能源有限公司)	86,700,000.00
Xi'an Guanghua Guangsheng Power Generation Co., Ltd. (西安光華廣晟發電有限公司)	72,880,500.00
TBEA (Yihuang) Wind Power Co., Ltd. (特變電工(宜黃)風電有限公司)	3,710,000.00
Less: Cash and cash equivalents held by subsidiaries at the date of losing the control right	410,237,163.42
Including: Tianmen Tiansheng Wind Power Co., Ltd. (天門天盛風力發電有限公司)	319,650,232.71
Zaozhuang Yizhiguang New Energy Co., Ltd. (棗莊嶧之光新能源有限公司)	89,231,364.41
Xi'an Guanghua Guangsheng Power Generation Co., Ltd. (西安光華廣晟發電有限公司)	672,235.76
Xi'an Xinte Ruiyang Technology Co., Ltd. (西安新特瑞陽科技有限公司)	472,523.41
Maoming Chengguang New Energy Technology Co., Ltd. (茂名市誠光新能源科技有限公司)	130,473.53
TBEA (Yihuang) Wind Power Co., Ltd. (特變電工(宜黃)風電有限公司)	80,333.60

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

58. Assets with restrictions in ownership or use rights (Continued)

(4) Net cash received from disposal of subsidiaries in the current year (Continued)

Items	Amount in current year
Add: Cash and cash equivalents received in the current year from disposal of subsidiaries in previous periods	162,033,882.10
Including: Xi'an Tiansheng Shenghui Energy Technology Co., Ltd. (西安天盛晟輝能源科技有限公司)	68,590,720.00
Xi'an Jiangsheng Tianchen New Energy Technology Co., Ltd. (西安江晟天辰新能源科技有限公司)	33,453,800.00
Awat Huaguang PV Power Co., Ltd. (阿瓦提華光光伏發電有限公司)	17,823,790.27
Wanrong Xinjia New Energy Co., Ltd. (萬榮縣新佳新能源有限公司)	12,000,000.00
Weichang Manchu and Mongolian Autonomous County Yongri PV Power Generation Co., Ltd. (圍場滿族蒙古族自治縣永日光伏發電有限公司)	11,574,699.91
Wuzhong City Hongsipu District Xinke Energy Co., Ltd. (吳忠市紅寺堡區新科能源有限責任公司)	6,000,000.00
Wanrong Xinjia New Energy Co., Ltd. (萬榮縣新佳新能源有限公司)	5,000,000.00
Awat Huaguang PV Power Co., Ltd. (阿瓦提華光光伏發電有限公司)	3,484,071.92
Xuwen Haoneng PV Power Generation Co., Ltd. (徐聞縣昊能光伏發電有限公司)	2,000,000.00
Luyi Fengsheng Power Co., Ltd. (鹿邑縣風盛發電有限公司) and Luyi Fengshang Power Co., Ltd. (鹿邑縣風尚發電有限公司)	1,470,000.00
Zhangbei Xuhong New Energy Technology Co., Ltd. (張北旭弘新能源科技有限公司)	385,500.00
Zhangbei Xuyuan New Energy Technology Co., Ltd. (張北旭源新能源科技有限公司)	251,300.00
Net cash received from disposal of subsidiaries	198,563,908.68

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

58. Assets with restrictions in ownership or use rights (Continued)

(5) Cash and cash equivalents

Items	Closing balance	Opening balance
Cash	3,409,764,114.29	3,192,107,888.60
Including: Cash in hand	0.00	0.00
Bank deposits that are readily available for payment	3,409,764,114.29	3,192,107,888.60
Other monetary funds that are readily available for payment	0.00	0.00
Cash equivalents	0.00	0.00
Including: Debt investments due within three months	0.00	0.00
Balance of cash and cash equivalents at the end of the year	3,409,764,114.29	3,192,107,888.60
Including: Restricted cash and cash equivalents	96,981,161.90	50,922,997.10

59. Assets with restrictions in ownership or use rights

Items	Carrying amount at the end of the year	Carrying amount at the beginning of the year
Monetary capital	1,785,687,862.42	2,186,904,067.03
Notes receivable	147,189,861.60	833,490,619.23
Accounts receivable	2,141,771,270.54	2,470,606,803.97
Receivables financing	637,544,706.10	751,212,685.20
Inventories	485,341,139.91	843,562,369.21
Fixed assets	13,251,038,891.19	13,126,596,567.97
Construction in progress	3,107,647,876.12	0.00
Intangible assets	147,735,106.35	130,561,193.88
Total	21,703,956,714.23	20,342,934,306.49

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

59. Assets with restrictions in ownership or use rights (Continued)

Note 1: Restricted monetary capital mainly represents security deposits for bank acceptance notes, Term deposits or call deposits, security deposits for the letter of guarantee and others.

Note 2: Restricted notes receivable and receivables financing mainly represent bank acceptance notes pledged at the end of the year.

Note 3: Restricted accounts receivable mainly represent factoring of accounts receivable and the rights to tariff after the completion of wind power and PV power plants together with all revenue of such projects pledged for borrowings.

Note 4: Restricted inventories mainly represent assets of wind power and PV power plants pledged for borrowings.

Note 5: Restricted fixed assets and intangible assets mainly represent assets pledged as collateral and security of borrowings.

Note 6: Restricted construction in progress mainly represent assets pledged for borrowings.

60. Foreign currency monetary items

Items	Foreign currency balance at 31 December 2022	Exchange rate	Balance translated to RMB at 31 December 2022
Bank deposits			
Including: USD	14,753,924.96	6.9646	102,755,185.78
EUR	8,896,621.05	7.4229	66,038,728.39
AUD	1,295.19	4.7138	6,105.27
Indian Rupee	107,132,855.28	0.0841	9,009,873.13
Pakistani Rupee	69,031,736.81	0.0307	2,119,274.32
Egyptian Pound	3,209,878.23	0.2813	902,938.75
HKD	169,875.68	0.8933	151,749.94
Chilean Peso	8,174,806.00	0.0081	66,215.93
Bangladeshi Taka	3,073,719.08	0.0649	199,484.37
Turkish Lira	214,178.79	0.3723	79,738.76
Other monetary funds			
Including: USD	1,406,934.66	6.9646	9,798,737.13
EUR	56,154.90	7.4229	416,832.21
AUD	1,060.29	4.7138	4,998.00
Indian Rupee	29,921,440.80	0.0841	2,516,393.17
Accounts receivable			
Including: USD	5,869,600.04	6.9646	40,879,416.44
Indian Rupee	50,000.00	0.0841	4,205.00
Pakistani Rupee	218,364,534.93	0.0307	6,703,791.22
EUR	648,068.91	7.4229	4,810,550.71

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

60. Foreign currency monetary items (Continued)

Items	Foreign currency balance at 31 December 2022	Exchange rate	Balance translated to RMB at 31 December 2022
Other receivables			
Including: USD	255,554.23	6.9646	1,779,832.99
EUR	74,706.96	7.4229	554,542.29
Pakistani Rupee	258,651.47	0.0307	7,940.60
Egyptian Pound	45,901.92	0.2813	12,912.21
Accounts payable			
Including: USD	1,162,000.95	6.9646	8,092,871.82
EUR	29,437.15	7.4229	218,509.02
HKD	142,468.46	0.8933	127,267.08
Pakistani Rupee	4,918,468.00	0.0307	150,996.97
Chilean Peso	2,169,721.00	0.0081	17,574.74
Egyptian Pound	237,274.01	0.2813	66,745.18
Malaysian Ringgit	2,650.00	1.5772	4,179.58
Indian Rupee	5,914,256.43	0.0841	497,388.97
Other payables			
Including: USD	441,017.74	6.9646	3,071,512.15
EUR	19,910.40	7.4229	147,792.91
Pakistani Rupee	4,491,699.35	0.0307	137,895.17
Egyptian Pound	532,168.93	0.2813	149,699.12
Indian Rupee	5,750,179.78	0.0841	483,590.12

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VI. Notes to Key Items of Consolidated Financial Statements (Continued)

61. Government grants

(1) Basic information of government grants

Category	Amount	Presentation item	Amount included in profit or loss of the period
Details set out in Note VI. 35	7,241,591.11	Deferred income	44,702,741.24
Details set out in Note VI. 48	48,274,524.11	Other income	48,274,524.11
Total	55,516,115.22	—	92,977,265.35

(2) Refund of government grants

Nil.

VII. Changes in the Scope of Consolidation

1. Business merger involving enterprises under different control

Nil.

2. Business merger involving enterprises under common control

Nil.

3. Reverse takeover

Nil.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VII. Changes in the Scope of Consolidation (Continued)

4. Disposal of subsidiaries

(1) Loss of control over investment in subsidiaries in a single disposal

Name of subsidiary	Consideration of equity disposal	Proportion of equity disposed of (%)	Way of equity disposal	Time of losing the control right	Basis for determination of time of losing the control right
Xi'an Xinte Ruiyang Technology Co., Ltd. (西安新特瑞陽科技有限公司)	Second-level subsidiary	100.00	Equity transfer	February 2022	Actual loss of control over the subsidiary
Yulin Xinrui Fengjia New Energy Co., Ltd. (榆林新瑞風嘉新能源有限責任公司)	Third-level subsidiary	100.00	Equity transfer	February 2022	Actual loss of control over the subsidiary
Xi'an Guanghua Guangsheng Power Generation Co., Ltd. (西安光華廣晟發電有限公司)	Second-level subsidiary	100.00	Equity transfer	March 2022	Actual loss of control over the subsidiary
Xiangyuan Yuanguang New Energy Co., Ltd. (襄垣縣垣光新能源有限公司)	Third-level subsidiary	100.00	Equity transfer	March 2022	Actual loss of control over the subsidiary
TBEA (Yihuang) Wind Power Co., Ltd. (特變電工(宜黃)風電有限公司)	Second-level subsidiary	100.00	Equity transfer	April 2022	Actual loss of control over the subsidiary
TBEA Ruichang Wind Power Co., Ltd. (特變電工瑞昌風電有限公司)	Third-level subsidiary	100.00	Equity transfer	April 2022	Actual loss of control over the subsidiary
Xi'an Liuming PV Power Generation Co., Ltd. (西安流明光伏發電有限公司)	Second-level subsidiary	100.00	Equity transfer	September 2022	Actual loss of control over the subsidiary
Zaozhuang Yizhiguang New Energy Co., Ltd. (棗莊嶧之光新能源有限公司)	Third-level subsidiary	100.00	Equity transfer	September 2022	Actual loss of control over the subsidiary
Urumqi Danwen Guangyang Power Generation Co., Ltd. (烏魯木齊丹雯光陽發電有限公司)	Second-level subsidiary	100.00	Equity transfer	September 2022	Actual loss of control over the subsidiary
Huludao Nanpiao District Zhonghe Power New Energy Co., Ltd. (葫蘆島市南票區眾合電力新能源有限公司)	Third-level subsidiary	100.00	Equity transfer	September 2022	Actual loss of control over the subsidiary
Xi'an Fengtan Wind Power Co., Ltd. (西安風潭風力發電有限公司)	Third-level subsidiary	100.00	Equity transfer	December 2022	Actual loss of control over the subsidiary
Tianmen Tiansheng Wind Power Co., Ltd. (天門天盛風力發電有限公司)	Fourth-level subsidiary	100.00	Equity transfer	December 2022	Actual loss of control over the subsidiary

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VII. Changes in the Scope of Consolidation (Continued)

5. Changes in the scope of consolidation for other reasons:

(1) Cancellation of subsidiaries

Name of subsidiary	Way of disposal	Time of cancellation
Xinjiang Xinte Silicon Material Co., Ltd. (新疆新特硅材料有限公司)	Cancellation	16 May 2022
Innovative Renewable Energy (Sierra Leone) Co., Ltd. (創新可再生能源(塞拉利昂)有限公司)	Cancellation	16 June 2022
Zhenping Fengda Power Generation Co., Ltd. (鎮平豐達發電有限公司)	Cancellation	September 5 2022
Huaguang Energy (Pakistan) Co., Ltd. (華光能源(巴基斯坦)有限公司)	Cancellation	September 16 2022
Yuanhe Energy (Pakistan) Co., Ltd. (源和能源(巴基斯坦)有限公司)	Cancellation	September 16 2022
Henan Zhengyin New Energy Technology Co., Ltd. (河南正印新能源科技有限公司)	Cancellation	September 22 2022
Songyuan Qian'an County Dingtian New Energy Co., Ltd. (松原市乾安縣鼎天新能源有限責任公司)	Cancellation	8 October 2022
Changchun Jiutai District Lihong New Energy Co., Ltd. (長春市九台區立宏新能源有限公司)	Cancellation	8 October 2022
Huludao Nanpiao District Xinze Power New Energy Co., Ltd. (葫蘆島市南票區鑫澤電力新能源有限公司)	Cancellation	10 October 2022
Liaoyang Hongwei Fengchuang Power New Energy Co., Ltd. (遼陽宏偉豐創電力新能源有限責任公司)	Cancellation	12 October 2022
Jinzhou Taihe Jinrun Power New Energy Co., Ltd. (錦州太和錦潤電力新能源有限責任公司)	Cancellation	21 October 2022
Xinte PV North America Technology LLC (新特光伏北美科技有限責任公司)	Cancellation	2 December 2022

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VIII. Interests in Other Entities

1. Interests in subsidiaries

(1) Structure of the Group

1) Major subsidiaries of the Group

Name of subsidiary	Type of legal person	Place of registration and principal place of business	Business	Registered capital	Shareholding (%)		Way of acquisition
					Directly	Indirectly	
TBEA Xinjiang Suncoas Co., Ltd. (特變電工新疆新能源股份有限公司)	Joint stock company	Urumqi, Xinjiang	Construction of wind power and PV power plants	520,340.00	75.75	0.00	Business merger involving enterprises under common control
Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司)	Limited liability company	Baotou, Inner Mongolia	Production and sales of polysilicon	350,000.00	82.00	0.00	Incorporation
Xinte Silicon New Materials Co., Ltd. (新特硅基新材料有限公司)	Limited liability company	Changji Xinjiang	Production and sales of polysilicon	440,000.00	100.00	0.00	Incorporation
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	Limited liability company	Urumqi, Xinjiang	Production and sales of polysilicon	233,915.98	92.34	0.00	Incorporation
Xinjiang Xinte Energy Construction Material Co., Ltd. (新疆新特新能建材有限公司)	Limited liability company	Urumqi, Xinjiang	Production and sales of aerated blocks	4,500.00	100.00	0.00	Incorporation
Xinjiang Xinte Energy Logistic Co., Ltd. (新疆新特能源物流有限公司)	Limited liability company	Urumqi, Xinjiang	Logistics business	500.00	100.00	0.00	Incorporation
Xinjiang Jingshuo New Materials Co., Ltd. (新疆晶碩新材料有限公司)	Limited liability company	Urumqi, Xinjiang	R&D, production and sales of zirconium-based new materials	27,000.00	7.41	85.50	Incorporation
TBEA Xi'an Electrical Technology Co., Ltd. (特變電工西安電氣科技有限公司)	Limited liability company	Xi'an, Shaanxi	R&D, production and sales of inverters	20,000.00	0.00	75.75	Incorporation
Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司)	Limited liability company	Baotou, Inner Mongolia	Operation of PV power plants	15,578.32	0.00	75.75	Incorporation
Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司)	Limited liability company	Altay Prefecture, Xinjiang	Operation of wind power plants	26,700.00	0.00	75.75	Incorporation
Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司)	Limited liability company	Baotou, Inner Mongolia	Operation of wind power and PV power plants	19,465.00	0.00	75.75	Incorporation
Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司)	Limited liability company	Hami, Xinjiang	Operation of wind power plants	38,457.699	0.00	75.75	Incorporation
Hami Huafeng New Energy Power Generation Co., Ltd. (哈密華風新能源發電有限公司)	Limited liability company	Hami, Xinjiang	Operation of wind power plants	30,162.432	0.00	75.75	Incorporation

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VIII. Interests in Other Entities (Continued)

1. Interests in subsidiaries (Continued)

(1) Structure of the Group (Continued)

1) Major subsidiaries of the Group (Continued)

Name of subsidiary	Type of legal person	Place of registration and principal place of business	Business	Registered capital	Shareholding (%)		Way of acquisition
					Directly	Indirectly	
Mulei County Jiayu Fengsheng Power Generation Co., Ltd. (木壘縣嘉裕風辰發電有限公司)	Limited liability company	Changji, Xinjiang	Operation of wind power plants	28,107.00	0.00	75.75	Incorporation
Mulei County Xirte Huineng Power Generation Co., Ltd. (木壘縣新特匯能發電有限責任公司)	Limited liability company	Changji, Xinjiang	Operation of wind power plants	16,250.00	0.00	75.75	Incorporation
Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新園新能源有限公司)	Limited liability company	Xilingol League, Inner Mongolia	Operation of wind power plants	29,644.73	0.00	75.75	Incorporation
Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司)	Limited liability company	Yangquan, Shanxi	Operation of PV power plants	15,349.60	0.00	75.75	Incorporation
Zhengxiangbai Banner Fengsheng Power Generation Co., Ltd. (正鑾白旗風盛發電有限公司)	Limited liability company	Xilingol League, Inner Mongolia	Operation of wind power plants	73,293.89	0.00	75.75	Incorporation
Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司)	Limited liability company	Changji, Xinjiang	Operation of wind power plants	42,000.00	0.00	75.75	Merger involving enterprises under different control
Xi'an TBEA Electric Power Design Co., Ltd. (西安特變電工電力設計有限責任公司)	Limited liability company	Xi'an, Shaanxi	Electric power design	2,099.90	0.00	75.75	Incorporation
TBEA Xi'an Flexible Power Transmission & Distribution Co., Ltd. (特變電工西安柔性輸配電有限公司)	Limited liability company	Xi'an, Shaanxi	R&D, production and sales of flexible direct current power transmission and distribution	5,000.00	0.00	75.75	Incorporation
Heze Mudan District Haofeng New Energy Co., Ltd. (菏澤市牡丹區浩風新能源有限公司)	Limited liability company	Heze, Shandong	Operation of wind power plants	10,900.00	0.00	75.75	Incorporation
Ruicheng Huiyuan Power Co., Ltd. (芮城縣輝源發電有限責任公司)	Limited liability company	Yuncheng, Shanxi Fuzhou,	Operation of PV power plants	7,967.96	0.00	75.75	Incorporation
Chongren County Huafeng Power Generation Co., Ltd. (崇仁縣華風發電有限公司)	Limited liability company	Jiangx	Operation of wind power plants	10,340.00	0.00	75.75	Incorporation
Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限責任公司)	Limited liability company	Tai'an, Shandong	Operation of PV power plants	8,163.50	0.00	75.75	Incorporation
Xuyi High Drive Wind Power Co., Ltd. (盱眙高傳風力發電有限公司)	Limited liability company	Huai'an, Jiangsu	Operation of wind power plants	16,000.00	0.00	100.00	Others

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VIII. Interests in Other Entities (Continued)

1. Interests in subsidiaries (Continued)

(2) Significant non-wholly owned subsidiaries

Name of subsidiary	Shareholding of non-controlling interest (%)	Profit or loss attributable to non-controlling interest in current year	Dividends declared to non-controlling interest in current year	Balance of non-controlling interest at the end of current year
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	24.25	-13,707,179.40	140,974,137.93	2,273,545,210.20
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	7.66	605,668,847.96	0.00	1,001,895,895.57
Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司)	18.00	438,164,466.72	0.00	1,069,773,862.94

Name of subsidiary	Shareholding of non-controlling interest (%)	Profit or loss attributable to non-controlling interest in current year	Dividends declared to non-controlling interest in current year	Balance of non-controlling interest at the end of current year
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	28.43	178,508,269.22	140,960,553.63	2,328,437,075.93
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	7.66	250,018,984.67	13,394,100.00	396,227,047.61

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VIII. Interests in Other Entities (Continued)

1. Interests in subsidiaries (Continued)

(3) Key financial information of significant non-wholly owned subsidiaries: in RMB'0,000

Name of subsidiary	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	1,199,055.93	2,149,622.03	3,348,677.96	1,147,716.95	1,262,282.07	2,409,999.02
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	1,109,911.76	529,150.83	1,639,062.59	179,998.18	91,879.09	271,877.27
Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司)	398,671.65	888,502.12	1,287,173.77	340,996.26	351,564.64	692,560.90

Name of subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	1,416,056.86	1,700,227.65	3,116,284.51	1,144,017.04	1,152,377.31	2,296,394.35
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	575,787.94	522,318.63	1,098,106.57	380,674.25	140,487.00	521,161.25

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VIII. Interests in Other Entities (Continued)

1. Interests in subsidiaries (Continued)

(3) Key financial information of significant non-wholly owned subsidiaries: in RMB'0,000 (Continued)

Name of subsidiary	Amount recognized in current year			Cash flows from operating activities
	Operating revenue	Net profit	Total comprehensive income	
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	1,090,589.48	-2,684.64	-2,674.66	72,801.50
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	1,542,543.07	790,213.76	790,213.76	447,986.58
Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司)	480,408.47	243,424.70	243,424.70	66,008.48

Name of subsidiary	Amount recognized in previous year			Cash flows from operating activities
	Operating revenue	Net profit	Total comprehensive income	
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	1,035,970.19	60,607.78	60,012.46	143,421.03
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	807,176.40	326,198.78	326,198.78	94,526.57

(4) Significant restrictions on use of the Group's assets and settlement of the Group's debts

Nil.

(5) Financial support or other support provided to structured entities included in the scope of consolidated financial statements

Nil.

(6) Others

In 2022, subsidiaries of the Company have not issued shares or debt securities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VIII. Interests in Other Entities (Continued)

2. Changes in share of owner's equity in subsidiaries with control over subsidiaries

(1) Changes in share of owner's equity in subsidiaries:

According to the resolution of the seventh extraordinary board meeting of 2022 held on 16 May 2022, in order to seize the market opportunity of “carbon emissions peaking and carbon neutrality”, accelerate the development of wind power and PV resources, and enhance the Company's market competitiveness and profitability, the Company injected capital to Sunoasis, a subsidiary of the Company, with monetary funds of RMB1.7 billion. The price of this capital injection was determined to be RMB2.22 per share based on the assessed value of the net asset of Sunoasis as of 31 December 2021. The Company's shareholding in Sunoasis changed from 71.57% to 75.75% after the capital injection.

(2) Effect of changes in share of owner's equity in subsidiaries on the equity interest

In current year:

Items	TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆 新能源股份 有限公司)
Cash	1,700,000,000.00
Fair value of non-cash assets	0.00
Total acquisition cost/disposal consideration	1,700,000,000.00
Less: Share of net asset of TBEA Xinjiang Sunoasis Co., Ltd. calculated on the basis of equity disposed of	1,601,940,470.83
Difference	98,059,529.17
Including: Adjustment of capital reserve	-98,059,529.17

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VIII. Interests in Other Entities (Continued)

2. Changes in share of owner's equity in subsidiaries with control over subsidiaries (Continued)

(2) Effect of changes in share of owner's equity in subsidiaries on the equity interest (Continued)

In previous year:

Items	TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆 新能源股份 有限公司)
Cash	293,476,333.37
Fair value of non-cash assets	0.00
Total acquisition cost/disposal consideration	293,476,333.37
Less: Share of net asset of TBEA Xinjiang Sunoasis Co., Ltd. calculated on the basis of equity disposed of	296,404,814.53
Difference	-2,928,481.16
Including: Adjustment of capital reserve	2,928,481.16

3. Interests in joint ventures or associates:

(1) Significant joint ventures or associates:

Nil.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

VIII. Interests in Other Entities (Continued)

3. Interests in joint ventures or associates: (Continued)

(2) Summary of financial information of insignificant joint ventures and associates

Items	Closing balance/ Amount recognized in current year	Opening balance/ Amount recognized in previous year
Joint ventures:		
Total carrying amount of investments	10,558,300.00	68,674,409.69
Total amount calculated according to proportion of shareholding		
– Net profit	11,810,186.91	10,271,918.68
– Other comprehensive income	0.00	0.00
– Total comprehensive income	11,810,186.91	10,271,918.68
Associates:		
Total carrying amount of investments	385,318,869.52	368,818,433.42
Total amount calculated according to proportion of shareholding		
– Net profit	49,571,599.74	41,188,865.23
– Other comprehensive income	0.00	0.00
– Total comprehensive income	49,571,599.74	41,188,865.23

4. Significant joint operations: Nil.

5. Structure entities not included in the scope of consolidated financial statements: Nil.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS

Main financial instruments of the Group include borrowings, receivables and payables, and details of each are set out in Note VI. Risks related to these financial instruments and risk management policies the Group adopts to mitigate such risks are discussed below. The management of the Group manages and monitors the exposure of these risks, to ensure that these risks are controlled within specific ranges.

1. Risk management goals and policies.

The goal of the Group's risk management is to achieve reasonable balance between risk and income, minimize the negative impact of risks on the Group's operating results and maximize the interests of shareholders and other equity investors. Based on the goal, the Group's basic strategy of risk management is to identify and analyze the risks the Group is subject to, establish appropriate risk tolerance baseline, promote risk management, monitor risks in a timely and reliable manner and control the risks within specific ranges.

(1) Market risks

- 1) Foreign exchange risk: The Group's foreign exchange exposure is mainly related to US dollars, HK dollars and Euro. Except that individual 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 31 December 2022, 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 adopts reasonable hedging instruments and products to reduce the risk of exchange rate fluctuations, adheres to the principle of exchange rate hedging, clarify the management of target exchange rates, and appropriately conducts businesses such as spot and forward settlements to avoid the risk of exchange rate fluctuations.

Items	Closing balance	Opening balance
Bank deposits		
Including: USD	14,753,924.96	10,892,292.59
EUR	8,896,621.05	263,074.81
AUD	1,295.19	1,295.19
Indian Rupee	107,132,855.28	21,651,783.91
Pakistani Rupee	69,031,736.81	70,622,408.10
Egyptian Pound	3,209,878.23	38,576,126.99
HKD	169,875.68	172,608.94
Chilean Peso	8,174,806.00	13,322,018.00
Bangladeshi Taka	3,073,719.08	3,633,900.71
Turkish Lira	214,178.79	364,826.47

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

1. Risk management goals and policies. (Continued)

(1) Market risks (Continued)

Items	Closing balance	Opening balance
Other monetary funds		
Including: USD	1,406,934.66	2,974,848.86
EUR	56,154.90	12,875.00
AUD	1,060.29	1,060.29
Indian Rupee	29,921,440.80	0.00
Accounts receivable		
Including: USD	5,869,600.04	10,207,933.77
Indian Rupee	50,000.00	16,090,499.45
Pakistani Rupee	218,364,534.93	111,374,473.61
EUR	648,068.91	108.00
JPY	0.00	0.00
Other receivables		
Including: USD	255,554.23	247,146.12
Pakistani Rupee	258,651.47	156,432,007.60
Egyptian Pound	45,901.92	0.00
EUR	74,706.96	43,338.42
Accounts payable		
Including: USD	1,162,000.95	1,219,890.00
EUR	29,437.15	47,867.37
HKD	142,468.46	142,468.46
Pakistani Rupee	4,918,468.00	3,713,818.00
Chilean Peso	2,169,721.00	2,169,721.00
Egyptian Pound	237,274.01	184,638.34
Malaysian Ringgit	2,650.00	2,650.00
Indian Rupee	5,914,256.43	0.00
Other payables		
Including: USD	441,017.74	471,661.04
EUR	19,910.40	6,571.65
Pakistani Rupee	4,491,699.35	559,630.58
Egyptian Pound	532,168.93	573,761.48
AUD	0.00	20.00
Indian Rupee	5,750,179.78	0.00

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

1. Risk management goals and policies. (Continued)

(1) Market risks (Continued)

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

As at 31 December 2022, the Group's interest-bearing liabilities mainly represent fixed rate and floating rate contracts denominated in RMB, with the aggregate value of RMB21,335,680,031.62 (31 December 2021: RMB17,724,309,125.70).

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's policy is to maintain these bank borrowings at floating interest rate, so as to eliminate fair value risks arising from changes in interest rate.

- 3) Price risk: The Group is subject to price fluctuations as it procures raw materials and sells products at market rates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

1. Risk management goals and policies. (Continued)

(2) Credit risk

As of 31 December 2022, the largest credit risk exposure that may incur financial loss to the Group mainly came from the other party's failure to perform its obligations under the contract that leads to a loss of financial assets of the Group, including:

Carrying amount of financial assets recognized in the consolidated balance sheet; for financial instruments measured at fair value, the carrying amount reflects the risk exposure, which is not the largest risk exposure, and the largest risk exposure will change according to the changes of fair value in the future.

To minimize the credit risk, the Group establishes a designated department to determine the credit line, review credit approval and perform other monitoring procedures to ensure necessary measures are adopted 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. Therefore, the management of the Group believes that the credit risk the Group is subject to has been reduced significantly.

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. Other than the five largest amounts of accounts receivable, the Group does not have other significant credit risk concentration.

The aggregate of five largest amounts of accounts receivable: RMB2,838,663,898.69.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

1. Risk management goals and policies. (Continued)

(3) Liquidity risk

Liquidity risk is the risk that the Group is not be able to meet the financial obligations at maturity. The Group's policy of liquidity risk management is to ensure sufficient liquidity to meet the financial obligations as the fall due without incurring unacceptable losses or causing damage to its reputation. The Group regularly analyzes the structure and maturity of liabilities to ensure that sufficient funds are available. The management of the Group monitors the use of bank borrowings and ensures compliance with the agreements. It also negotiates with financial institutions on financing to maintain a certain credit limit and reduce liquidity risk.

The Group takes bank borrowings as the major source of funds. As at 31 December 2022, the Group's unutilized facilities were RMB38,217,842,700.

Analysis of financial assets and financial liabilities of the Group by maturity of undiscounted remaining contractual obligations is set out as follows:

Amounts as at 31 December 2022:

Items	Within 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Total
Financial assets					
Financial assets	5,195,451,976.71	0.00	0.00	0.00	5,195,451,976.71
Financial assets held for trading	66,798,941.06	0.00	0.00	0.00	66,798,941.06
Notes receivable	2,120,635,168.46	0.00	0.00	0.00	2,120,635,168.46
Accounts receivable	3,287,745,047.14	1,964,348,042.73	1,050,527,066.81	161,057,454.06	6,463,677,610.74
Other receivables	265,165,615.57	105,178,846.36	22,490,696.79	18,606,919.24	411,442,077.96
Financial liabilities					0.00
Short-term borrowings	1,932,112,636.46	0.00	0.00	0.00	1,932,112,636.46
Financial liabilities held for trading	3,263,277.24	0.00	0.00	0.00	3,263,277.24
Notes payable	4,700,904,722.81	0.00	0.00	0.00	4,700,904,722.81
Accounts payable	7,658,657,463.07	977,579,548.39	1,550,341,226.22	212,440,180.13	10,399,018,417.81
Other payables	226,374,128.77	78,046,788.17	12,822,124.94	21,569,200.58	338,812,242.46
Dividends payable	852,205.20	0.00	0.00	0.00	852,205.20
Staff remuneration payables	678,491,004.80	0.00	0.00	0.00	678,491,004.80
Non-current liabilities due within					
one year	2,071,841,209.73	0.00	0.00	0.00	2,071,841,209.73
Long-term borrowings	0.00	1,978,949,486.32	4,379,943,359.52	10,995,759,044.46	17,354,651,890.30
Bonds payable	0.00	0.00	0.00	0.00	0.00
Long-term payables	0.00	0.00	355,100,000.00	0.00	355,100,000.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

2. Sensitivity analysis

The Group adopts sensitivity analysis techniques to analyze how the profit or loss of the current period or shareholders' equity would be affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

(1) Sensitivity analysis of foreign exchange risk

The assumption for sensitivity analysis of foreign exchange risk: all hedging of net investment in overseas operations and cash flow hedging are highly effective.

Based on the above assumption, with all other variables held constant, the post-tax effects of possible reasonable changes in exchange rates on profit or loss of the current period and equity are:

Items	Change in exchange rate	Current year	
		Effect on net profit	Effect on shareholders' equity
All foreign currencies	5% appreciation against RMB	11,771,168.11	11,771,168.11
All foreign currencies	5% depreciation against RMB	-11,771,168.11	-11,771,168.11

Items	Change in exchange rate	Previous year	
		Effect on net profit	Effect on shareholders' equity
All foreign currencies	5% appreciation against RMB	8,441,517.98	8,441,517.98
All foreign currencies	5% depreciation against RMB	-8,441,517.98	-8,441,517.98

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

2. Sensitivity analysis (Continued)

(2) Sensitivity analysis of interest rate risk

Sensitivity analysis of interest rate risk is based on the following assumption:

Changes in market interest rates influence interest income or expenses of variable-rate financial instruments;

As for fixed-rate financial instruments measured at fair value, changes in market interest rates only influence interest income or expenses;

Changes in fair value of derivative financial instruments and other financial assets and liabilities are calculated by using cash flow discounting method in accordance with the market interest rates as at the balance sheet date.

Based on the above assumption, with all other variables held constant, the post-tax effects of possible reasonable changes in interest rates on profit or loss of the current period and equity are:

Items	Change in interest rate	Current year	
		Effect on net profit	Effect on shareholders' equity
Floating-rate borrowings	Increase by 1%	-178,555,300.30	-153,334,037.21
Floating-rate borrowings	Decrease by 1%	178,555,300.30	153,334,037.21

Items	Change in interest rate	Previous year	
		Effect on net profit	Effect on shareholders' equity
Floating-rate borrowings	Increase by 1%	-146,355,649.76	-116,281,230.29
Floating-rate borrowings	Decrease by 1%	146,355,649.76	116,281,230.29

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

X. Disclosure of Fair Value

1. Fair value of assets and liabilities measured at fair value at the end of the year

Items	Fair value at the end of the year			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Continuous fair value measurement				
(I) Financial assets held for trading	0.00	0.00	66,798,941.06	66,798,941.06
1. Financial assets at fair value through profit or loss	0.00	0.00	66,798,941.06	66,798,941.06
(1) Investments in debt instruments	0.00	0.00	0.00	0.00
(2) Investments in equity instruments	0.00	0.00	66,798,941.06	66,798,941.06
(3) Derivative financial instruments	0.00	0.00	0.00	0.00
(II) Receivables financing	0.00	6,172,012,029.97	0.00	6,172,012,029.97
(III) Other debt investments	0.00	0.00	0.00	0.00
(IV) Other equity instrument investments	0.00	0.00	250,999,977.52	250,999,977.52
Total assets continuously measured at fair value	0.00	6,172,012,029.97	317,798,918.58	6,489,810,948.55
(V) Financial liabilities held for trading				
1. Financial liabilities at fair value through profit or loss	0.00	3,263,277.24	0.00	3,263,277.24
(1) Derivative financial liabilities	0.00	3,263,277.24	0.00	3,263,277.24
Total liabilities continuously measured at fair value	0.00	3,263,277.24	0.00	3,263,277.24

2. Valuation techniques and qualitative and quantitative information of important parameters adopted for items of continuous and non-continuous Level 2 fair value measurement

The fair value of receivables financing of the Group approximates the carrying amount, as the remaining term is relatively short.

3. Valuation techniques and qualitative and quantitative information of important parameters adopted for items of continuous and non-continuous Level 3 fair value measurement

Non-current financial assets under Level 3 fair value measurement mainly include investments in unlisted equity (private equity) and private funds. As the Group's shareholding in the investees are relatively low and has no significant influence on investees, it is impractical to adopt income approach or market-based approach to assess the value of investees; the investees do not have introduction of investors or equity transfer of shareholders in recent periods that can serve as reference of fair value; based on the analysis of relevant information acquired, the Group has not noticed significant changes of investees' internal and external environments since their establishment. Therefore, it is a "limited circumstance" where the book value is deemed as the best estimate of fair value, and the cost is recognized as fair value at the end of the year accordingly.

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XI. Related Parties and Related-party Transactions

(I) Relationship with related parties

1. Controlling shareholder and ultimate controlling party

(1) Controlling shareholder and ultimate controlling party

Name of controlling shareholder	Registration place	Business	Registered capital (RMB'0,000)	Proportion of shareholding in the Company (%)	Proportion of voting right in the Company (%)
TBEA Co., Ltd.	Urumqi	Production and sales	388,546.57	64.52	64.52

Name of controlling shareholder and ultimate controlling party	Type	Legal representative	Unified Social Credit Identifier
TBEA Co., Ltd.	Other joint stock company (listed)	Zhang Xin	91650000299201121Q

Zhang Xin holds a total of 70.58% of the shares of the Company through Xinjiang Tebian Group Co., Ltd. (新疆特變電工集團有限公司), TBEA Co., Ltd. (特變電工股份有限公司), Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd. (新疆遠卓企業管理諮詢有限公司) and TBEA (Hong Kong) Co., Ltd. (特變電工(香港)有限公司) and is the de facto controller of the Company.

(2) Registered capital of controlling shareholder and the changes

Controlling shareholder	Opening balance	Increase in current year	Decrease in current year	Closing balance
TBEA Co., Ltd.	3,788,550,289.00	96,915,417.00	0.00	3,885,465,706.00

(3) Shares or equity interest held by controlling shareholder and the changes

Controlling shareholder	Amount of shareholding		Proportion of shareholding (%)	
	Closing balance	Opening balance	Closing balance	Opening balance
TBEA Co., Ltd.	922,509,361.00	952,449,361.00	64.52	66.61

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(I) Relationship with related parties (Continued)

2. Subsidiaries

Details of subsidiaries are set out in Note “VIII. 1. (1) Structure of the Group”.

3. Joint ventures and associates with operations and transactions with the Company

Name of joint venture or associate with operations and transactions with the Company	Relationship with the Company
Jeminay Xinte Wind Power Co., Ltd. (吉木乃新特風電有限公司)	Associate
Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司)	Associate
Sichuan Ganzi Datang International New Energy Co., Ltd. (四川甘孜大唐國際新能源有限責任公司)	Joint venture
Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	Associate
Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司)	Associate
Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司)	Associate
Wujiaqu TBEA PV Power Technology Co., Ltd. (五家渠特變電工光電科技有限責任公司)	Associate
Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公司)	Associate
Wujiaqu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司)	Associate
Guyang County Changlan Wind Power Co., Ltd. (固陽縣長嵐風力發電有限公司)	Joint venture
China Energy Xinjiang Ganquanpu Integrated Energy Co., Ltd. (國能新疆甘泉堡綜合能源有限公司)	Associate
Jiangyong Xinfeng New Energy Development Co., Ltd. (江永鑫風新能源開發有限公司)	Associate
Huaxiang (Hongdong) New Energy Technology Co., Ltd. (華翔(洪洞)新能源科技有限公司)	Associate
Xi'an Wucheng New Energy Power Co., Ltd. (西安吳城新能源發電有限公司)	Associate, transferred in March 2022
Xi'an Xingwu Wind Power Co., Ltd. (西安興武風力發電有限公司)	Associate, transferred in March 2022

XI. Related Parties and Related-party Transactions (Continued)

(I) Relationship with related parties (Continued)

4. Other related parties with operations and transactions with the Company

Name of related party with operations and transactions with the Company	Relationship with the Company
Changji Hui Autonomous Prefecture TBEA Employee Training Center (昌吉回族自治州特變電工職業培訓中心)	Enterprise controlled by the controlling shareholder
Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司)	Enterprise controlled by the controlling shareholder
Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司)	Enterprise controlled by the controlling shareholder
Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司)	Enterprise controlled by the controlling shareholder
Xinjiang Joinworld Jinyuan Magnesium Industry Co., Ltd. (新疆眾和金源鎂業有限公司)	Enterprise controlled by the controlling shareholder
Shihezi Zhongjin Electrode Foil Co., Ltd. (石河子眾金電極箔有限公司)	Enterprise controlled by the controlling shareholder
Urumqi Zhongrong Electronic Material Technology Co., Ltd. (烏魯木齊眾榮電子材料科技有限公司)	Enterprise controlled by the controlling shareholder
Xinjiang Ene Gold Graphene Technology Co., Ltd. (新疆烯金石墨烯科技有限公司)	Enterprise controlled by the controlling shareholder
Sanyang Silu (Khorgas) Factoring Co., Ltd. (三陽絲路(霍爾果斯)商業保理有限公司)	Enterprise controlled by the controlling shareholder
TBEA (Deyang) Cable Co., Ltd. (特變電工(德陽)電纜股份有限公司)	Enterprise controlled by the controlling shareholder
TBEA (Deyang) Electrical Engineering Co., Ltd. (特變電工(德陽)電力工程有限公司)	Enterprise controlled by the controlling shareholder
TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司)	Enterprise controlled by the controlling shareholder
TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司)	Enterprise controlled by the controlling shareholder
TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司)	Enterprise controlled by the controlling shareholder
TBEA Hunan Engineering Co., Ltd. (特變電工湖南工程有限公司)	Enterprise controlled by the controlling shareholder
TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司)	Enterprise controlled by the controlling shareholder

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(I) Relationship with related parties (Continued)

4. Other related parties with operations and transactions with the Company (Continued)

Name of related party with operations and transactions with the Company	Relationship with the Company
TBEA Jing-Jin-Ji Intelligence Technology Co., Ltd. (特變電工京津冀智能科技有限公司)	Enterprise controlled by the controlling shareholder
TBEA Technology Investment Co., Ltd. (特變電工科技投資有限公司)	Enterprise controlled by the controlling shareholder
TBEA Nanjing Intelligent Electrical Power and Equipment Co., Ltd. (特變電工南京智能電氣有限公司)	Enterprise controlled by the controlling shareholder
TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司)	Enterprise controlled by the controlling shareholder
TBEA Shandong Shenbian Electrical Equipment Co., Ltd. (特變電工山東沈變電氣設備有限公司)	Enterprise controlled by the controlling shareholder
TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	Enterprise controlled by the controlling shareholder
TBEA Shenyang Electric Power Survey & Design Co., Ltd. (特變電工瀋陽電力勘測設計有限公司)	Enterprise controlled by the controlling shareholder
TBEA Southwest Electrical Engineering Co., Ltd. (特變電工西南電氣工程有限公司)	Enterprise controlled by the controlling shareholder
TBEA Xinjiang Electrical Engineering Materials Co., Ltd. (特變電工新疆電工材料有限公司)	Enterprise controlled by the controlling shareholder
TBEA Xinjiang Energy Co., Ltd. (特變電工新疆能源有限公司)	Enterprise controlled by the controlling shareholder
TBEA Energy (India) Co., Ltd. (特變電工能源(印度)有限公司)	Enterprise controlled by the controlling shareholder
TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司)	Enterprise controlled by the controlling shareholder
TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司)	Enterprise controlled by the controlling shareholder
TBEA Zhongfa Shanghai High-voltage Switch Co., Ltd. (特變電工中發上海高壓開關有限公司)	Enterprise controlled by the controlling shareholder
Tianjin TBEA Transformer Co., Ltd. (天津市特變電工變壓器有限公司)	Enterprise controlled by the controlling shareholder
Northwest Wire & Cable Testing Co., Ltd. (西北電線電纜檢測中心有限公司)	Enterprise controlled by the controlling shareholder

XI. Related Parties and Related-party Transactions (Continued)

(I) Relationship with related parties (Continued)

4. Other related parties with operations and transactions with the Company (Continued)

Name of related party with operations and transactions with the Company	Relationship with the Company
Xinjiang Tianchi Energy Sales Co., Ltd. (新疆天池能源銷售有限公司)	Enterprise controlled by the controlling shareholder
Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司)	Enterprise controlled by the controlling shareholder
Xinjiang Zhundong TBEA Energy Co., Ltd. (新疆准東特變能源有限責任公司)	Enterprise controlled by the controlling shareholder
Xinjiang Changji TBEA Energy Co., Ltd. (新疆昌吉特變能源有限責任公司)	Enterprise controlled by the controlling shareholder
Xinjiang TBEA Engineering Project Management Co., Ltd. (新疆特變電工工程項目管理有限公司)	Enterprise controlled by the controlling shareholder
Xinjiang TBEA Electrical Industry Cultural Tourism Co., Ltd. (新疆特變電工工業文化旅遊有限責任公司)	Enterprise controlled by the controlling shareholder
Tianjin Sanyang Silu Commercial Factoring Co., Ltd. (天津三陽絲路商業保理有限公司)	Enterprise controlled by the controlling shareholder
Xinjiang TBEA Loulan New Material Technology Co., Ltd. (新疆特變電工樓蘭新材料技術有限公司)	Enterprise controlled by the controlling shareholder
TBEA Yunji Electrical Power and Equipment Co., Ltd. * (特變電工雲集電氣有限公司)	Enterprise controlled by the controlling shareholder
Xinjiang TBEA Shared Financial Services Co., Ltd. (新疆特變電工共享財務服務有限公司)	Enterprise controlled by the controlling shareholder
Shenyang TBEA Electrical Engineering Co., Ltd. (瀋陽特變電工電氣工程有限公司)	Enterprise controlled by directors of the Company
Inner Mongolia TBEA Energy Equipment Co., Ltd. (內蒙古特變電工能源裝備有限公司)	Enterprise controlled by directors of the Company
Xinjiang Changte Power Transmission and Transformation Devices Co., Ltd. (新疆昌特輸變電配件有限公司)	Enterprise controlled by directors of the Company
Xinjiang TBEA Health & Wellness Property Co., Ltd. (新疆特變電工康養置業有限公司)	Enterprise controlled by directors of the Company
Xinjiang TBEA International Package Services Co., Ltd. (新疆特變電工國際成套工程承包有限公司)	Enterprise controlled by directors of the Company
Xinjiang Tebian Group Logistics Co., Ltd. (新疆特變電工集團物流有限公司)	Enterprise controlled by directors of the Company

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(I) Relationship with related parties (Continued)

4. Other related parties with operations and transactions with the Company (Continued)

Name of related party with operations and transactions with the Company	Relationship with the Company
Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	Enterprise controlled by directors of the Company
Zhongjiang Logistics Fukang Co., Ltd. (中疆物流阜康有限公司)	Enterprise controlled by directors of the Company
Zhongjiang Logistics Co., Ltd. (中疆物流有限責任公司)	Enterprise controlled by directors of the Company
Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	Enterprise controlled by directors of the Company
Zhongsilu Design & Consulting Co., Ltd. (中絲路設計諮詢有限公司)	Enterprise controlled by directors of the Company
Baotou TBEA Kangyang Real Estate Co., Ltd.* (包頭特變電工康養置業有限責任公司)	Enterprise controlled by directors of the Company
Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恆潤金電力科技有限公司)	Party of other relationship
Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	Party of other relationship
China General Certification Center Co., Ltd. (北京鑒衡認證中心有限公司)	Party of other relationship
China Radio and Television Xinjiang Network Co., Ltd. (中國廣電新疆網絡股份有限公司)	Party of other relationship
CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd. (中建新疆建工(集團)有限公司)	Party of other relationship
Beijing Ruifeng Advertising Media Co., Ltd. (北京瑞風廣告傳媒有限公司)	Party of other relationship
Shishou Shouyi New Energy Co., Ltd. (石首市首義新能源有限公司)	Party of other relationship
Huadian Huocheng New Energy Co., Ltd. (華電霍城新能源有限公司)	Party of other relationship
Gong'an Zhurui Shengxin New Energy Co., Ltd. (公安縣竹瑞晟鑫新能源有限公司)	Party of other relationship, transferred in December 2022
Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	Party of other relationship, transferred in March 2022
Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司)	Party of other relationship, transferred in March 2022

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions

1. Related-party transactions of purchase of goods and acceptance of services

(1) Purchase of goods/acceptance of services

Related party	Amount recognized in current year	Amount recognized in previous year
TBEA Co., Ltd. (特變電工股份有限公司)	491,216,885.53	222,051,127.46
TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司)	343,932,359.25	132,609,734.52
Xinjiang Tianchi Energy Sales Co., Ltd. (新疆天池能源銷售有限公司)	325,466,415.90	224,459,602.38
TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司)	248,015,082.83	31,899,169.76
Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	205,208,692.16	148,443,666.17
Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	182,598,390.18	13,621,091.55
TBEA Xinjiang Energy Co., Ltd. (特變電工新疆能源有限公司)	175,669,072.90	166,193,816.25
Inner Mongolia TBEA Energy Equipment Co., Ltd. (內蒙古特變電工能源裝備有限公司)	146,610,840.52	19,616,637.17
Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司)	132,711,630.71	59,038,136.95
Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司)	113,893,415.94	16,933,628.31
TBEA Yunji Electrical Power and Equipment Co., Ltd. (特變電工雲集電氣有限公司)	113,594,754.53	0.00
Baotou TBEA Kangyang Real Estate Co., Ltd. (包頭特變電工康養置業有限責任公司)	100,947,339.51	0.00
TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司)	86,414,310.74	67,576,383.27
Xinjiang TBEA International Package Services Co., Ltd. (新疆特變電工國際成套工程承包有限公司)	73,449,280.10	108,572,513.20
Shenyang TBEA Electrical Engineering Co., Ltd. (瀋陽特變電工電氣工程有限公司)	59,674,731.07	27,064,267.32

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

1. Related-party transactions of purchase of goods and acceptance of services (Continued)

(1) Purchase of goods/acceptance of services (Continued)

Related party	Amount recognized in current year	Amount recognized in previous year
Tianjin TBEA Transformer Co., Ltd. (天津市特變電工變壓器有限公司)	47,223,893.71	24,610,265.47
TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	36,292,201.06	1,275,359.45
TBEA (Deyang) Cable Co., Ltd. (特變電工(德陽)電纜股份有限公司)	35,038,433.63	36,823,902.56
TBEA Shandong Shenbian Electrical Equipment Co., Ltd. (特變電工山東沈變電氣設備有限公司)	23,301,776.97	9,380.53
TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司)	19,130,884.96	5,000,000.00
TBEA Jing-Jin-Ji Intelligence Technology Co., Ltd. (特變電工京津冀智能科技有限公司)	17,752,088.49	348,672.57
Zhongsilu Design & Consulting Co., Ltd. (中絲路設計諮詢有限公司)	7,921,268.63	4,369,941.15
TBEA Technology Investment Co., Ltd. (特變電工科技投資有限公司)	7,346,287.64	0.00
TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司)	6,766,636.29	47,658,743.38
Xinjiang TBEA Electrical Industry Cultural Tourism Co., Ltd. (新疆特變電工工業文化旅遊有限責任公司)	4,728,865.90	4,554,131.14
Xinjiang Tebian Group Logistics Co., Ltd. (新疆特變電工集團物流有限公司)	4,141,592.90	14,649,940.36
TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司)	2,155,752.21	4,799,557.52
China General Certification Center Co., Ltd. (北京鑒衡認證中心有限公司)	698,282.06	1,603,309.41
Changji Hui Autonomous Prefecture TBEA Employee Training Center (昌吉回族自治州特變電工職業培訓中心)	684,829.95	243,550.26
Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司)	459,116.65	1,346,178.76

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

1. Related-party transactions of purchase of goods and acceptance of services (Continued)

(1) Purchase of goods/acceptance of services (Continued)

Related party	Amount recognized in current year	Amount recognized in previous year
TBEA Zhongfa Shanghai High-voltage Switch Co., Ltd. (特變電工中發上海高壓開關有限公司)	229,203.54	0.00
Xinjiang TBEA Shared Financial Services Co., Ltd. (新疆特變電工共享財務服務有限公司)	190,970.50	0.00
TBEA (Deyang) Electrical Engineering Co., Ltd. (特變電工(德陽)電力工程有限公司)	88,105.33	127,572.81
TBEA Shenyang Electric Power Survey & Design Co., Ltd. (特變電工瀋陽電力勘測設計有限公司)	21,226.42	425,660.38
Northwest Wire & Cable Testing Co., Ltd. (西北電線電纜檢測中心有限公司)	7,981.13	13,219.81
TBEA Hunan Engineering Co., Ltd. (特變電工湖南工程有限公司)	0.00	12,361,387.42
Beijing Ruifeng Advertising Media Co., Ltd. (北京瑞風廣告傳媒有限公司)	0.00	754,716.96
TBEA Xinjiang Electrical Engineering Materials Co., Ltd. (特變電工新疆電工材料有限公司)	0.00	197,123.90
CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd. (中建新疆建工(集團)有限公司)	0.00	96,172.42
Xinjiang TBEA Engineering Project Management Co., Ltd. (新疆特變電工工程項目管理有限公司)	0.00	1,943.40
Delixi Xinjiang Transportation Co., Ltd. (德力西新疆交通運輸集團股份有限公司)	0.00	14,300.00
Total	3,013,582,599.84	1,399,364,803.97

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For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

1. Related-party transactions of purchase of goods and acceptance of services (Continued)

(2) Sales of goods/provision of services

Related party	Amount recognized in current year	Amount recognized in previous year
Gong'an Zhurui Shengxin New Energy Co., Ltd. (公安縣竹瑞晟鑫新能源有限公司)	555,459,662.25	0.00
Guyang County Changlan Wind Power Co., Ltd. (固陽縣長嵐風力發電有限公司)	369,111,090.08	0.00
Jiangyong Xinfeng New Energy Development Co., Ltd. (江永鑫風新能源開發有限公司)	141,801,442.59	0.00
Xi'an Xingwu Wind Power Co., Ltd. (西安興武風力發電有限公司)	138,031,988.21	203,162,934.73
Xi'an Wucheng New Energy Power Co., Ltd. (西安吳城新能源發電有限公司)	133,215,573.41	196,344,191.07
Huadian Huocheng New Energy Co., Ltd. (華電霍城新能源有限公司)	80,163,739.83	0.00
Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司)	64,599,452.69	56,069,073.90
Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司)	11,797,813.62	9,263,958.79
CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd. (中建新疆建工(集團)有限公司)	8,560,750.57	15,524,764.13
Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	8,053,445.48	10,862,543.46
Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司)	7,641,550.56	10,537,410.33
Urumqi Zhongrong Electronic Material Technology Co., Ltd. (烏魯木齊眾榮電子材料科技有限公司)	7,386,580.53	0.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

1. Related-party transactions of purchase of goods and acceptance of services (Continued)

(2) Sales of goods/provision of services (Continued)

Related party	Amount recognized in current year	Amount recognized in previous year
Sichuan Ganzi Datang International New Energy Co., Ltd. (四川甘孜大唐國際新能源 有限責任公司)	6,736,254.42	6,863,314.49
Jeminay Xinte Wind Power Co., Ltd. (吉木乃新特風電有限公司)	6,465,482.20	6,465,482.20
Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司)	6,465,370.79	4,856,546.61
Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	6,284,327.94	525,974.63
Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司)	5,755,775.48	11,433,628.80
TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司)	3,752,212.40	1,044,247.78
Inner Mongolia TBEA Energy Equipment Co., Ltd. (內蒙古特變電工能源裝備有限公司)	2,889,908.24	0.00
TBEA Co., Ltd. (特變電工股份有限公司)	1,300,107.07	3,071,887.39
TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司)	718,567.38	6,454,955.73
TBEA Technology Investment Co., Ltd. (特變電工科技投資有限公司)	699,056.60	466,037.74
Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	632,568.81	2,604,606.42
Tianjin TBEA Transformer Co., Ltd. (天津市特變電工變壓器有限公司)	477,876.11	0.00
Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司)	449,610.62	761,061.95

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

1. Related-party transactions of purchase of goods and acceptance of services (Continued)

(2) Sales of goods/provision of services (Continued)

Related party	Amount recognized in current year	Amount recognized in previous year
Shihezi Zhongjin Electrode Foil Co., Ltd. (石河子眾金電極箔有限公司)	274,808.14	160,067.25
TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司)	207,795.69	2,322,212.38
Xinjiang TBEA Loulan New Material Technology Co., Ltd. (新疆特變電工樓蘭新材料技術有限公司)	100,754.71	0.00
Xinjiang Changji TBEA Energy Co., Ltd. (新疆昌吉特變能源有限責任公司)	95,478.14	241,649.77
Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司)	81,738.68	512,576.73
China Radio and Television Xinjiang Network Co., Ltd. (中國廣電新疆網絡股份有限公司)	51,342.88	0.00
TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司)	36,630.00	16,914,150.50
Xinjiang Changte Power Transmission and Transformation Devices Co., Ltd. (新疆昌特輸變電配件有限公司)	35,849.06	102,635.53
Xinjiang Ene Gold Graphene Technology Co., Ltd. (新疆烯金石墨烯科技有限公司)	26,405.54	0.00
Xinjiang Tianchi Energy Sales Co., Ltd. (新疆天池能源銷售有限公司)	14,716.98	14,716.98
Zhongjiang Logistics Co., Ltd. (中疆物流有限責任公司)	7,735.85	17,830.20
Zhongjiang Logistics Fukang Co., Ltd. (中疆物流阜康有限公司)	6,226.42	0.00
TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	0.00	5,011,681.39

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

1. Related-party transactions of purchase of goods and acceptance of services (Continued)

(2) Sales of goods/provision of services (Continued)

Related party	Amount recognized in current year	Amount recognized in previous year
Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	0.00	1,367,858.57
Xinjiang TBEA International Package Services Co., Ltd. (新疆特變電工國際成套工程承包有限公司)	0.00	1,070,796.46
China Energy Xinjiang Ganquanpu Integrated Energy Co., Ltd. (國能新疆甘泉堡綜合能源有限公司)	0.00	424,528.29
Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司)	0.00	391,021.60
TBEA Xinjiang Electrical Engineering Materials Co., Ltd. (特變電工新疆電工材料有限公司)	0.00	304,036.70
Xinjiang Tebian Group Co., Ltd. (新疆特變電工集團有限公司)	0.00	226,415.09
Xinjiang Zhundong TBEA Energy Co., Ltd. (新疆准東特變能源有限責任公司)	0.00	35,377.36
Total	1,569,389,689.97	575,430,174.95

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

2. **Related-party trusteeship/contracting and commissioned management/outsourcing: Nil.**
3. **Related-party lease: Nil.**
4. **Related-party guarantee**

(1) *As secured party*

Guarantor	Secured party	Amount of guarantee	Inception date	Expiration date	Whether the performance is completed
TBEA Co., Ltd.	Xinte Energy Co., Ltd. (新特能源股份有限公司)	86,000,000.00	2019-5-28	2029-5-28	No
TBEA Co., Ltd.	Xinte Energy Co., Ltd. (新特能源股份有限公司)	600,000,000.00	2019-5-28	2029-5-28	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	100,000,000.00	2018-9-21	2027-9-20	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	200,000,000.00	2018-10-11	2027-9-20	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	150,000,000.00	2018-10-18	2027-9-20	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	150,000,000.00	2018-11-27	2027-9-20	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	100,000,000.00	2018-11-16	2027-9-20	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	400,000,000.00	2019-1-31	2025-12-13	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	1,000,000,000.00	2019-1-31	2025-12-13	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	700,000,000.00	2019-1-31	2025-12-13	No

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

5. Related-party borrowings: Nil.
6. Asset transfer and debt restructuring of related parties: Nil.
7. Remuneration of key management personnel

Item	Amount recognized in current year	Amount recognized in previous year
Total remuneration	69,421,680.31	55,156,266.39

8. Bank deposits in TBEA Group Finance Co., Ltd.

Entity	Closing balance	Opening balance
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	136,774,879.65	27,568,641.66
Xinte Energy Co., Ltd.	222,493,522.15	1,199,246,331.39
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	847,798,070.24	75,745,568.56
Mulei County Jiayu Fengsheng Power Generation Co., Ltd. (木壘縣嘉裕風晟發電有限公司)	674,878.34	29,275,931.36
Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司)	4,291,763.32	15,289,027.06
TBEA Xi'an Electrical Technology Co., Ltd. (特變電工西安電氣科技有限公司)	102,843,071.56	32,779,653.21
Xinjiang Jingshuo New Material Co., Ltd. (新疆晶碩新材料有限公司)	86,215,014.57	14,717,009.67
Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司)	246,469,122.06	188,866,535.36
Xinjiang Xinte Xinneng Materials Co., Ltd. (新疆新特新材料檢測中心有限公司)	36,350,630.94	23,530,716.07
Xi'an TBEA Electric Power Design Co., Ltd. (西安特變電工電力設計有限責任公司)	42,718,747.56	28,766,166.19
Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限責任公司)	2,298,384.49	2,953,699.61
Shaanxi TBEA New Energy Co., Ltd. (陝西特變電工新能源有限公司)	12,696,290.13	8,022,596.14

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

8. Bank deposits in TBEA Group Finance Co., Ltd. (Continued)

Entity	Closing balance	Opening balance
Zhoukou Yingfeng Power Co., Ltd. (周口市迎風發電有限公司)	3,553,080.79	16,301,734.67
Wujiaqu Xinte Power Co., Ltd. (五家渠新特電力有限公司)	14,994,107.27	15,497,173.62
Xinjiang Xinte Energy Construction Material Co., Ltd. (新疆新特新能建材有限公司)	14,996,911.46	9,015,863.63
Heze Mudan District Haofeng New Energy Co., Ltd. (荷澤市牡丹區浩風新能源有限公司)	6,881,098.85	1,176,111.24
Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司)	6,175,061.41	5,306,827.67
Ruicheng County Huiyuan Power Generation Co., Ltd. (芮城縣輝源發電有限責任公司)	4,493,168.27	2,498,087.83
Chengde Guangsheng Energy Technology Co., Ltd. (承德光晟能源科技有限公司)	4,078,910.77	15,901,946.82
TBEA Xi'an Flexible Power Transmission & Distribution Co., Ltd. (特變電工西安柔性輸配電有限公司)	13,592,312.28	9,343,593.43
Xinjiang Shahai Green Energy Services Co., Ltd. (新疆沙海綠色能源服務有限公司)	16,149,280.22	7,169,568.53
Luyi Fengyi Power Co., Ltd. (鹿邑縣風易發電有限公司)	428,220.99	2,887,470.86
Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司)	1,640,291.30	10,601,966.08
Zhengxiangbai Banner Fengsheng Power Generation Co., Ltd. (正鑲白旗風盛發電有限公司)	6,430,829.53	8,935,813.27
Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司)	1,500,418.87	57,457.75
Xinjiang Information Technology Co., Ltd. (新疆知信科技有限公司)	741,978.55	3,566,860.02
Xinjiang Changhe Yangguang Property Services Co., Ltd. (新疆昌和陽光物業服務有限公司)	2,432,704.47	2,547,232.37
Urumqi Mingrui Guangsheng Power Co., Ltd. (烏魯木齊明瑞廣晟發電有限公司)	2,306,576.08	1,799,516.51

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For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

8. Bank deposits in TBEA Group Finance Co., Ltd. (Continued)

Entity	Closing balance	Opening balance
Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新園新能源有限公司)	5,048,907.27	7,047,334.79
Ningxia Guangyu Technology Co., Ltd. (寧夏光煜科技有限公司)	1,606,880.27	1,080,852.77
Hami Huafeng New Energy Power Generation Co., Ltd. (哈密華風新能源發電有限公司)	1,928,400.41	30,338,397.78
TBEA South New Energy Technology Co., Ltd. (特變電工南方新能源科技有限公司)	894,432.00	1,302,260.50
Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司)	4,309,637.88	46,774,218.57
Naiman Banner Huite Photovoltaic Power Generation Co., Ltd. (奈曼旗匯特光伏發電有限責任公司)	582,809.83	3,943,532.26
Urumqi Yufeng Power Generation Co., Ltd. (烏魯木齊裕風發電有限責任公司)	1,193,195.24	1,189,144.34
Urumqi Huahui Guangsheng Power Co., Ltd. (烏魯木齊華暉廣晟發電有限公司)	1,804,066.76	626.52
Xiangcheng Yuanhui Wind Power Co., Ltd. (項城市遠匯風電有限公司)	882,870.39	879,918.97
Urumqi Kangyuan Guangsheng Power Technology Co., Ltd. (烏魯木齊康源光晟電力科技有限公司)	741,771.83	739,317.47
Zhengxiangbai Banner Huite PV Power Generation Co., Ltd. (正鑲白旗匯特光伏發電有限公司)	344,409.27	343,355.45
TBEA Shanxi Energy Technology Co., Ltd. (特變電工山西能源科技有限公司)	2,137,207.95	647,843.96
Urumqi Huaguang Guangsheng Power Technology Co., Ltd. (烏魯木齊華光光盛電力科技有限公司)	191,695.29	7,764,474.06
Xi'an Purui Xinte Energy Co., Ltd. (西安普瑞新特能源有限公司)	243,535.76	26,046.83
TBEA Baotou Energy Co., Ltd. (特變電工包頭能源有限公司)	694,966.21	6,184,275.36
Urumqi Mingyu Guangsheng Power Co., Ltd. (烏魯木齊明煜廣晟發電有限公司)	1,619,101.92	121,120.82
TBEA Inner Mongolia Energy Co., Ltd. (特變電工內蒙古能源有限公司)	549,996.07	1,051,338.44

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For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

8. Bank deposits in TBEA Group Finance Co., Ltd. (Continued)

Entity	Closing balance	Opening balance
TBEA Hami PV Technology Co., Ltd. (特變電工哈密光伏科技有限公司)	50,886.66	6,625.71
Xinjiang Xinte Energy Logistic Co., Ltd. (新疆新特能源物流有限公司)	25,646,613.78	32,601,912.08
Urumqi Huihuang Guangsheng Electric Power Technology Co., Ltd. (烏魯木齊輝煌光晟電力科技有限公司)	85,099.58	84,959.62
Urumqi Huiyuan Guangsheng Electric Power Technology Co., Ltd. (烏魯木齊輝源光晟電力科技有限公司)	61,558.76	61,461.54
Urumqi Jinyu Guangsheng Power Technology Co., Ltd. (烏魯木齊金煜光晟電力科技有限公司)	127,115.85	43,345.86
Xinjiang Xinte PV Energy Technology Co., Ltd. (新疆新特光伏能源科技有限公司)	931,703.14	23,491.56
Urumqi Jiayu Fengsheng Power Technology Co., Ltd. (烏魯木齊嘉裕風晟電力科技有限公司)	33,984.06	36,653.32
Urumqi Huihe Guangsheng Electric Power Technology Co., Ltd. (烏魯木齊輝禾光晟電力科技有限公司)	21,657.75	21,741.37
Xifeng Rongsheng Power New Energy Co., Ltd. (西豐縣榮晟電力新能源有限公司)	2,240,262.22	201,423.84
Urumqi Yuanhe Guangrui Power Technology Co., Ltd. (烏魯木齊源禾光瑞電力科技有限公司)	568.82	726.62
Urumqi Jiarui Fengsheng Power Technology Co., Ltd. (烏魯木齊嘉瑞風晟電力科技有限公司)	5,444,176.88	228.90
Urumqi Huacan Wind Power Co., Ltd. (烏魯木齊華燦風力發電有限責任公司)	40.14	0.01
Xinte Silicon-based New Material Co., Ltd. (新特硅基新材料有限公司)	21,911,305.54	0.00
Xinte (Tianjin) Energy Technology Co., Ltd. (新特(天津)能源科技有限責任公司)	27,913,348.93	0.00
Dunhuang Teneng New Energy Co., Ltd. (敦煌市特能新能源有限公司)	15,484,936.85	0.00

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For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

8. Bank deposits in TBEA Group Finance Co., Ltd. (Continued)

Entity	Closing balance	Opening balance
Tianmen Tianchen Energy Development Co., Ltd. (天門天辰能源發展有限公司)	10,456,690.11	0.00
Hami Shisanjianfang Xinte Wind Energy Co., Ltd. (哈密十三間房新特風能有限責任公司)	6,502,472.87	0.00
Habahe County Xinte Wind Power Co., Ltd. (哈巴河縣新特風電有限公司)	3,363,308.90	0.00
Wuyang Xinyang New Energy Co., Ltd. (舞陽縣新陽新能源有限公司)	3,089,396.86	0.00
Jiuquan Xinsheng Haoyu Electric Power Equipment Co., Ltd. (酒泉新晟浩宇電力設備有限公司)	2,534,760.40	0.00
TBEA Zhangjiakou Energy Technology Co., Ltd. (特變電工張家口能源科技有限公司)	2,048,383.74	0.00
Xi'an Guangcheng Electricity Sales Co., Ltd., (西安光成售電有限公司)	1,817,999.59	0.00
Xingtang County Xingte New Energy Co., Ltd. (行唐縣行特新能源有限公司)	1,817,158.66	0.00
Wuwei Huiyu New Energy Technology Co., Ltd. (武威暉煜新能源科技有限公司)	1,637,327.20	0.00
Sixian Mingyuan Guangsheng Wind Power Co., Ltd. (泗縣明源廣晟風力發電有限公司)	1,568,246.14	0.00
Baotou Guangchi Solar Energy Co., Ltd. (包頭市光熾太陽能有限責任公司)	1,557,439.63	0.00
Jiujiang Guangte New Energy Co., Ltd. (九江光特新能源有限公司)	1,522,536.17	0.00
Inner Mongolia Guangxin Solar Power Co., Ltd. (內蒙古光鑫太陽能發電有限責任公司)	1,281,757.05	0.00
Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. (圖木舒克東潤環能光伏發電有限公司)	1,132,683.37	0.00
Pingtang County Xuxinyang PV Power Generation Co., Ltd. (平塘縣旭鑫陽光光伏發電有限公司)	1,041,267.61	0.00
Sandu County Jieyang PV Power Generation Co., Ltd. (三都縣潔陽光伏發電有限公司)	983,619.12	0.00

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For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

8. Bank deposits in TBEA Group Finance Co., Ltd. (Continued)

Entity	Closing balance	Opening balance
Ningxia Daozhiguang New Energy Storage Co., Ltd. (寧夏道至光儲新能源有限公司)	981,822.41	0.00
Jiaokou Haoneng New Energy Co., Ltd. (交口縣昊能新能源有限公司)	981,552.68	0.00
Fengning Manchu Autonomous County Xinlong Wind Power Co., Ltd. (豐寧滿族自治縣新隆風力發電有限公司)	903,407.15	0.00
Linfen Yaodu Jieyuan PV Power Generation Co., Ltd. (臨汾市堯都區節源光伏發電有限公司)	896,663.73	0.00
Jiaokou Zhengfeng Energy Technology Co., Ltd. (交口縣正風能源科技有限公司)	883,430.71	0.00
Hexian Xinsheng New Energy Co., Ltd. (和縣新晟新能源有限公司)	731,987.96	0.00
TBEA (Guangdong) New Energy Technology Co., Ltd. (特變電工(廣東)新能源科技有限公司)	631,550.81	0.00
Xiangyuan County Xingyuan New Energy Co., Ltd. (襄垣縣興垣新能源有限公司)	597,807.49	0.00
Gucheng Junneng New Energy Technology Co., Ltd. (故城俊能新能源科技有限公司)	564,429.22	0.00
Tianjin Lingsheng New Energy Co., Ltd. (天津市凌晟新能源有限公司)	520,246.98	0.00
Luochuan Fuyang New Energy Co., Ltd. (洛川賦陽新能源有限公司)	454,239.10	0.00
Wuwei Wusheng New Energy Technology Co., Ltd. (武威武晟新能源科技有限公司)	452,750.31	0.00
Luohe Xinneng New Energy Co., Ltd. (漯河鑫能新能源有限公司)	316,490.34	0.00
Nanning Guangyu New Energy Technology Co., Ltd. (南寧市光煜新能源科技有限公司)	313,822.77	0.00
Yongcheng Chenfeng Xingneng New Energy Co., Ltd. (永城市宸楓興能新能源有限公司)	223,645.89	0.00
Binyang Guangyu PV Power Generation Co., Ltd. (賓陽縣光煜光伏發電有限公司)	200,683.46	0.00

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For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

8. Bank deposits in TBEA Group Finance Co., Ltd. (Continued)

Entity	Closing balance	Opening balance
Heze Jiayang New Energy Co., Ltd. (菏澤嘉陽新能源有限公司)	127,023.59	0.00
Xilingol League Xinfeng New Energy Co., Ltd. (錫林郭勒盟新風新能源有限公司)	117,593.98	0.00
Xi'an Bosheng Ruida New Energy Co., Ltd. (西安博晟瑞達新能源有限公司)	113,635.43	0.00
Wuwei Wensheng New Energy Power Co., Ltd. (武威文晟新能源發電有限公司)	92,614.95	0.00
Fuping Mingte New Energy Co., Ltd. (阜平縣名特新能源有限公司)	90,000.00	0.00
Hubei Jiangxia New Energy Co., Ltd. (湖北省疆峽新能源有限公司)	90,000.00	0.00
Xi'an Guangzhuang PV Power Generation Co., Ltd. (西安光莊光伏發電有限公司)	80,683.48	0.00
Linshu Huarui Wind Power Co., Ltd. (臨洮華瑞風電有限公司)	79,623.85	0.00
Longhua Guangsheng Wind Power Co., Ltd. (隆化廣晟風力發電有限公司)	73,534.65	0.00
Guyang Fengmao Power Co., Ltd. (固陽縣風茂發電有限責任公司)	71,931.82	0.00
Zhidan County Xinsheng PV Technology Co., Ltd. (志丹縣新晟光伏科技有限公司)	62,504.00	0.00
Chengde Fengsheng PV Power Generation Co., Ltd. (承德縣豐晟光伏發電有限公司)	57,186.91	0.00
Longyao Fengyao New Energy Co., Ltd. (隆堯縣風堯新能源有限公司)	47,276.58	0.00
Xi'an Ruihui Guangsheng Power Co., Ltd. (西安瑞暉廣晟發電有限公司)	42,627.50	0.00
Xi'an Tianlong Guangsheng New Energy Co., Ltd. (西安天龍光晟新能源有限公司)	42,396.98	0.00
Hualong Xinte PV Power Generation Co., Ltd. (化隆縣新特光伏發電有限公司)	39,857.08	0.00

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For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

8. Bank deposits in TBEA Group Finance Co., Ltd. (Continued)

Entity	Closing balance	Opening balance
Jingxian Yute New Energy Development Co., Ltd. (景縣煜特新能源開發有限公司)	37,527.85	0.00
Longyao Xingyao New Energy Co., Ltd. (隆堯縣興堯新能源有限公司)	33,429.31	0.00
Hechi Yizhou District Shenghui PV Power Generation Co., Ltd. (河池市宜州區晟輝光伏發電有限公司)	33,147.78	0.00
Xi'an Louyang PV Power Generation Co., Ltd. (西安樓陽光伏發電有限公司)	31,057.74	0.00
Tengzhou Shanguo New Energy Co., Ltd. (滕州善國新能源有限公司)	30,136.52	0.00
Gongan Zhuruishengxin New Energy Co., Ltd. (公安縣竹瑞晟鑫新能源有限公司)	30,000.00	0.00
Huaian Guangsheng Haoneng Solar Power Co., Ltd. (淮安市廣晟昊能太陽能發電有限公司)	29,913.42	0.00
Guiyang Jieyang New Energy Technology Co., Ltd. (貴陽市潔陽新能源科技有限公司)	29,005.80	0.00
Guiyang Xuxinyang New Energy Technology Co., Ltd. (貴陽市旭鑫陽新能源科技有限公司)	28,837.13	0.00
Daqing Wind Power Generation Investment Co., Ltd. (大慶風源風力發電投資有限公司)	23,662.26	0.00
Shangdu Fengsheng Power Co., Ltd. (商都縣風盛發電有限公司)	22,267.82	0.00
Haikou Jianghai New Energy Technology Co., Ltd. (海口市疆海新能源科技有限公司)	20,312.82	0.00
Xi'an Fengtuo Wind Power Co., Ltd. (西安風拖風力發電有限公司)	19,669.31	0.00
Guyang Guangyu Power Generation Co., Ltd. (固陽縣光煜發電有限責任公司)	14,414.31	0.00
Xi'an Huarui Guangsheng Power Generation Co., Ltd. (西安華瑞廣晟發電有限公司)	10,603.46	0.00
Donghai County Dongkou New Energy Co., Ltd. (東海縣東口新能源有限公司)	10,264.01	0.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

8. Bank deposits in TBEA Group Finance Co., Ltd. (Continued)

Entity	Closing balance	Opening balance
Xixian Yufeng New Energy Wind Power Co., Ltd. (息縣豫風新能風力發電有限公司)	9,475.08	0.00
Urumqi Junsheng Wind Power Generation Co., Ltd. (烏魯木齊縣君盛風力發電有限公司)	8,952.67	0.00
Weichang Man and Mongolia Autonomous County Shenghui PV Power Generation Co., Ltd. (圍場滿 族蒙古族自治縣晟輝光伏發電有限公司)	8,799.64	0.00
Junan Huarui Wind Power Co., Ltd. (莒南華瑞風電有限公司)	8,232.20	0.00
Xi'an Jinyi Guangsheng New Energy Technology Co., Ltd. (西安錦嶧光晟新能源科技有限公司)	7,202.09	0.00
Ruoqiang Zhuo Shang New Energy Co., Ltd. (若羌縣卓尚新能源有限公司)	5,640.17	0.00
Ejin Horo Qi Guangsheng Power Generation Co., Ltd. (伊金霍洛旗光盛發電有限責任公司)	5,339.24	0.00
Luanping County Hongsheng PV Power Generation Co., Ltd. (灤平縣鴻盛光伏發電有限公司)	4,783.00	0.00
Pingtang Zhaoxu Wind Power Co., Ltd. (平塘縣朝旭風力發電有限公司)	4,424.51	0.00
Xi'an Fuyang New Energy Co., Ltd. (西安賦陽新能源有限公司)	1,881.47	0.00
Xi'an Leming New Energy Co., Ltd. (西安樂鳴新能源有限公司)	946.90	0.00
Urumqi Huite PV Power Generation Co., Ltd. (烏魯木齊匯特光伏發電有限責任公司)	804.16	0.00
Urumqi Xinte Wind Power Generation Co., Ltd. (烏魯木齊新特風源發電有限責任公司)	770.98	0.00
Xinjiang Sangou Solar Energy Equipment Co., Ltd. (新疆桑歐太陽能設備有限責任公司)	170.23	0.00
Jinggangshan Huafeng TBEA Power Generation Co., Ltd. (井岡山市華風特變電工發電有限公司)	40.13	0.00
Mulei County Xinte Huineng Power Generation Co., Ltd. (木壘縣新特匯能發電有限責任公司)	40.13	0.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(II) Related-party transactions (Continued)

8. Bank deposits in TBEA Group Finance Co., Ltd. (Continued)

Entity	Closing balance	Opening balance
Urumqi Green Energy Wind Power Co., Ltd. (烏魯木齊綠能風力發電有限責任公司)	40.13	0.00
Urumqi Rongsheng New Energy Co., Ltd. (烏魯木齊榮晟新能源有限責任公司)	40.13	0.00
Urumqi Yuneng Wind Power Co., Ltd. (烏魯木齊昱能風力發電有限責任公司)	40.13	0.00
Ningxia Wensheng PV Power Generation Co., Ltd. (寧夏文晟光伏發電有限公司)	36.17	0.00
Total	2,020,456,447.36	1,901,885,729.90

(III) Balance of transactions with related parties

1. Receivables

Items	Related party	Closing balance	Opening balance
Prepayments	Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	48,762,410.81	0.00
Prepayments	TBEA Co., Ltd.	18,089,290.46	3,319,560.00
Prepayments	Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司)	8,450,000.00	0.00
Prepayments	Inner Mongolia TBEA Energy Equipment Co., Ltd. (內蒙古特變電工能源裝備有限公司)	6,636,960.00	6,636,960.00
Prepayments	TBEA (Deyang) Cable Co., Ltd. (特變電工(德陽)電纜股份有限公司)	5,158,988.95	0.00
Prepayments	TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司)	3,929,797.67	1,785,000.00
Prepayments	Huaxiang (Hongdong) New Energy Technology Co., Ltd. (華翔(洪洞)新能源科技有限公司)	3,632,760.00	0.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(III) Balance of transactions with related parties (Continued)

1. Receivables (Continued)

Items	Related party	Closing balance	Opening balance
Prepayments	Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司)	1,978,287.59	0.00
Prepayments	Xinjiang TBEA Electrical Industry Cultural Tourism Co., Ltd. (新疆特變電工工業文化旅遊有限責任公司)	265,602.80	56,364.00
Prepayments	TBEA Technology Investment Co., Ltd. (特變電工科技投資有限公司)	175,000.00	407,321.00
Prepayments	TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司)	50,000.00	0.00
Prepayments	Xinjiang Tebian Group Logistics Co., Ltd. (新疆特變電工集團物流有限公司)	0.00	4,680,000.00
Prepayments	TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	0.00	1,140,000.00
Prepayments	TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司)	0.00	41,145.00
Prepayments	Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	0.00	651,449.11
Prepayments	TBEA Shandong Shenbian Electrical Equipment Co., Ltd. (特變電工山東沈變電氣設備有限公司)	0.00	1,410,000.00
Prepayments	TBEA (Deyang) Electrical Engineering Co., Ltd. (特變電工(德陽)電力工程有限公司)	0.00	88,105.33

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(III) Balance of transactions with related parties (Continued)

1. Receivables (Continued)

Items	Related party	Closing balance	Opening balance
Prepayments	TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司)	0.00	48,000.00
Accounts receivable	Guyang County Changlan Wind Power Co., Ltd. (固陽縣長嵐風力發電有限公司)	175,311,640.58	0.00
Accounts receivable	Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	11,625,928.69	5,219,891.97
Accounts receivable	Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司)	7,764,071.35	0.00
Accounts receivable	Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司)	7,356,890.09	6,086,610.41
Accounts receivable	Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恆潤金電力科技有限公司)	2,160,000.00	2,160,000.00
Accounts receivable	TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司)	1,272,000.00	1,180,000.00
Accounts receivable	TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	1,132,640.00	1,698,960.00
Accounts receivable	Urumqi Zhongrong Electronic Material Technology Co., Ltd. (烏魯木齊眾榮電子材料科技有限公司)	678,565.20	0.00
Accounts receivable	Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司)公司	580,074.74	580,074.74
Accounts receivable	TBEA Co., Ltd.	570,000.00	691,500.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(III) Balance of transactions with related parties (Continued)

1. Receivables (Continued)

Items	Related party	Closing balance	Opening balance
Accounts receivable	Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司)	290,734.50	10,657,659.43
Accounts receivable	Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	261,500.00	2,610.00
Accounts receivable	Xinjiang Zhundong TBEA Energy Co., Ltd. (新疆准東特變能源有限責任公司)	233,367.91	270,117.91
Accounts receivable	Xinjiang Changji TBEA Energy Co., Ltd. (新疆昌吉特變能源有限責任公司)	206,747.84	119,907.71
Accounts receivable	Shihezi Zhongjin Electrode Foil Co., Ltd. (石河子眾金電極箔有限公司)	190,943.00	109,152.00
Accounts receivable	Xinjiang Changte Power Transmission and Transformation Devices Co., Ltd. (新疆昌特輸變電配件有限公司)	38,000.00	40,390.00
Accounts receivable	Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	439.49	0.00
Accounts receivable	Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司)	0.00	5,065,300.00
Accounts receivable	Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	0.00	9,139,646.76
Accounts receivable	Xinjiang Tebian Group Co., Ltd. (新疆特變電工集團有限公司)	0.00	240,000.00
Contract assets	Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司)	17,121,094.35	30,872,421.60
Contract assets	Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	17,080,228.65	66,185,255.21
Contract assets	Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司)	17,032,115.28	70,601,258.41

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For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(III) Balance of transactions with related parties (Continued)

1. Receivables (Continued)

Items	Related party	Closing balance	Opening balance
Contract assets	Xinjiang TBEA Loulan New Material Technology Co., Ltd. (新疆特變電工樓蘭新材料技術有限公司)	7,113,189.31	0.00
Contract assets	Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司)	5,065,300.00	14,920,500.00
Contract assets	TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	566,320.00	0.00
Contract assets	TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司)	542,000.00	0.00
Contract assets	TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司)	39,000.00	0.00
Contract assets	Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司)	0.00	86,000.00
Contract assets	TBEA Co., Ltd.	0.00	121,500.00
Other receivables	Shishou Shouyi New Energy Co., Ltd. (石首市首義新能源有限公司)	2,610,950.82	3,000,000.00
Other receivables	Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恆潤金電力科技有限公司)	1,623,000.00	1,623,000.00
Other receivables	CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd. (中建新疆建工(集團)有限公司)	30,000.00	0.00
Other receivables	TBEA Co., Ltd.	3,672.56	7,027,940.41
Other receivables	Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司)	0.00	3,492.28
Other receivables	Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司)	0.00	14,828,472.83

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(III) Balance of transactions with related parties (Continued)

1. Receivables (Continued)

Items	Related party	Closing balance	Opening balance
Other receivables	Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	0.00	7,546.00
Other receivables	Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	0.00	3,500.00
Dividends receivable	Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公司)	0.00	17,657,748.51
Dividends receivable	Sichuan Ganzi Datang International New Energy Co., Ltd. (四川甘孜大唐國際新能源有限責任公司)	0.00	7,559,818.83
Dividends receivable	Wujiaqu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司)	0.00	5,698,292.32
Dividends receivable	Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	0.00	905,417.52
Dividends receivable	Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司)	0.00	20,908,906.98
Dividends receivable	Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	0.00	10,874,696.71
Other non-current assets	Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	47,551,652.39	0.00
Other non-current assets	Inner Mongolia TBEA Energy Equipment Co., Ltd. (內蒙古特變電工能源裝備有限公司)	12,543,930.00	0.00
Other non-current assets	Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	6,434,220.00	11,879,786.80
Other non-current assets	TBEA Shandong Shenbian Electrical Equipment Co., Ltd. (特變電工山東沈變電氣設備有限公司)	1,315,623.90	1,315,623.90
Other non-current assets	TBEA Yunji Electrical Power and Equipment Co., Ltd. (特變電工雲集電氣有限公司)	640,000.00	0.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(III) Balance of transactions with related parties (Continued)

1. Receivables (Continued)

Items	Related party	Closing balance	Opening balance
Other non-current assets	Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司)	189,000.00	0.00
Other non-current assets	TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司)	0.00	59,426,349.96
Other non-current assets	TBEA Co., Ltd.	0.00	23,023,629.95
Other non-current assets	TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司)	0.00	460,176.99
Total		444,303,938.93	432,517,060.58

2. Payables

Item	Related party	Closing balance	Opening balance
Short-term borrowings	TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司)	1,386,451,438.88	980,000,000.00
Long-term borrowings	TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司)	500,000,000.00	120,000,000.00
Contract liabilities	Guyang County Changlan Wind Power Co., Ltd. (固陽縣長嵐風力發電有限公司)	163,525,429.53	0.00
Contract liabilities	Shishou Shouyi New Energy Co., Ltd. (石首市首義新能源有限公司)	70,128,440.37	0.00
Contract liabilities	Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司)	14,166,625.98	0.00
Contract liabilities	Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司)	3,291,698.59	550,791.06

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(III) Balance of transactions with related parties (Continued)

2. Payables (Continued)

Item	Related party	Closing balance	Opening balance
Contract liabilities	Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	3,159,012.42	0.00
Contract liabilities	Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司)	976,527.66	0.00
Contract liabilities	Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司)	758,673.03	454,667.66
Contract liabilities	TBEA Co., Ltd.	0.00	601,769.71
Contract liabilities	Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司)	0.00	478,672.57
Contract liabilities	TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司)	0.00	207,795.69
Contract liabilities	Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	0.00	7,951.86
Other current liabilities	Shishou Shouyi New Energy Co., Ltd. (石首市首義新能源有限公司)	6,311,559.63	0.00
Other current liabilities	Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司)	68,280.57	40,920.09
Other current liabilities	Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司)	0.00	464,185.81
Other current liabilities	TBEA Co., Ltd.	0.00	78,230.29
Other current liabilities	Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司)	0.00	62,227.43
Other current liabilities	Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	0.00	1,033.74
Other payables	TBEA Co., Ltd.	503,547.37	0.00
Other payables	China General Certification Center Co., Ltd. (北京鑒衡認證中心有限公司)	26,886.79	0.00
Other payables	TBEA Energy (India) Co., Ltd. (特變電工能源(印度)有限公司)	0.00	4,308,534.33

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For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(III) Balance of transactions with related parties (Continued)

2. Payables (Continued)

Item	Related party	Closing balance	Opening balance
Other payables	Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司)	0.00	244,161.92
Other payables	TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司)	0.00	254,243.12
Other payables	Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	0.00	33,054.10
Accounts payable	Tianjin Sanyang Silu Commercial Factoring Co., Ltd. (天津三陽絲路商業保理有限公司)	172,097,816.56	0.00
Accounts payable	Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	136,607,339.69	34,050,576.49
Accounts payable	TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司)	125,139,689.05	2,541,220.66
Accounts payable	Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	66,799,929.46	5,631,443.43
Accounts payable	Xinjiang Tianchi Energy Sales Co., Ltd. (新疆天池能源銷售有限公司)	29,274,488.51	27,607,360.63
Accounts payable	Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司)	28,410,524.32	7,332,965.49
Accounts payable	Xinjiang TBEA International Package Services Co., Ltd. (新疆特變電工國際成套工程承包有限公司)	25,225,631.12	33,472,554.09
Accounts payable	Tianjin TBEA Transformer Co., Ltd. (天津市特變電工變壓器有限公司)	19,647,908.87	188,547.01
Accounts payable	Shenyang TBEA Electrical Engineering Co., Ltd. (瀋陽特變電工電氣工程有限公司)	13,994,759.47	7,981,046.69
Accounts payable	Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司)	13,012,872.30	5,088,910.20
Accounts payable	Inner Mongolia TBEA Energy Equipment Co., Ltd. (內蒙古特變電工能源裝備有限公司)	12,637,930.09	7,987,876.33

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(III) Balance of transactions with related parties (Continued)

2. Payables (Continued)

Item	Related party	Closing balance	Opening balance
Accounts payable	TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司)	9,930,365.12	1,901,993.62
Accounts payable	TBEA Co., Ltd.	8,034,276.00	324,284.36
Accounts payable	TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	7,475,110.02	639,367.09
Accounts payable	TBEA Shandong Shenbian Electrical Equipment Co., Ltd. (特變電工山東沈變電氣設備有限公司)	4,379,811.09	0.00
Accounts payable	Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	3,800,000.00	7,127,545.24
Accounts payable	Sanyang Silu (Khorgas) Factoring Co., Ltd. (三陽絲路(霍爾果斯)商業保理有限公司)	3,016,667.00	105,965,122.62
Accounts payable	TBEA Jing-Jin-Ji Intelligence Technology Co., Ltd. (特變電工京津冀智能科技有限公司)	2,795,105.88	348,672.57
Accounts payable	TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司)	2,228,167.90	2,570,168.00
Accounts payable	TBEA Technology Investment Co., Ltd. (特變電工科技投資有限公司)	2,010,481.70	0.00
Accounts payable	Zhongjiang Logistics Co., Ltd. (中疆物流有限責任公司)	1,500,000.00	1,500,000.00
Accounts payable	Zhongsilu Design & Consulting Co., Ltd. (中絲路設計諮詢有限公司)	1,045,871.56	0.00
Accounts payable	TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司)	920,353.98	41,145.00
Accounts payable	Xinjiang Changte Power Transmission and Transformation Devices Co., Ltd. (新疆昌特輸變電配件有限公司)	617,904.46	617,904.46
Accounts payable	TBEA Yunji Electrical Power and Equipment Co., Ltd. (特變電工雲集電氣有限公司)	343,000.00	0.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(III) Balance of transactions with related parties (Continued)

2. Payables (Continued)

Item	Related party	Closing balance	Opening balance
Accounts payable	TBEA (Deyang) Cable Co., Ltd. (特變電工(德陽)電纜股份有限公司)	340,475.57	416,375.20
Accounts payable	Changji Hui Autonomous Prefecture TBEA Employee Training Center (昌 吉回族自治州特變電工職業培訓中心)	245,323.50	245,323.50
Accounts payable	China General Certification Center Co., Ltd. (北京鑒衡認證中心有限公司)	120,000.00	231,200.00
Accounts payable	TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司)	91,580.31	351,022.84
Accounts payable	Xinjiang Tebian Group Logistics Co., Ltd. (新疆特變電工集團物流有限公司)	82,044.55	82,044.55
Accounts payable	Xinjiang Joinworld Jinyuan Magnesium Industry Co., Ltd. (新疆眾和金源鎂業有限公司)	76,261.06	76,261.06
Accounts payable	TBEA Shenyang Electric Power Survey & Design Co., Ltd. (特變電工瀋陽電力勘測設計有限公司)	22,500.00	0.00
Accounts payable	Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司)	21,100.92	87,979.95
Accounts payable	TBEA Zhongfa Shanghai High-voltage Switch Co., Ltd. (特變電工中發上海高壓開關有限公司)	5,309.73	0.00
Accounts payable	TBEA Xinjiang Energy Co., Ltd. (特變電工新疆能源有限公司)	0.00	15,751,926.61
Accounts payable	TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司)	0.00	822,450.00
Accounts payable	Zhejiang Jingsheng Machinery & Electric Co., Ltd. (浙江晶盛機電股份有限公司)	0.00	540.00
Total		2,841,318,720.61	1,378,772,067.07

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(IV) Related-party commitment

Nil.

(V) Remuneration of Directors, Supervisors and employees

1. Details of remuneration of Directors and Supervisors

Items	Salaries and allowances	Social insurance, housing provident funds and pensions	Bonus	Share-based payment	Total
Amount recognized in current year					
<i>Executive Directors:</i>					
Zhang Jianxin	1,339,228.00	128,272.24	660,000.00	7,511,660.00	9,639,160.24
Yin Bo	1,460,693.81	101,821.20	5,483,041.00	6,375,563.50	13,421,119.51
Xia Jinjing	1,167,149.04	83,725.10	6,764,508.70	2,640,310.00	10,655,692.84
<i>Non-executive Directors:</i>					
Zhang Xin	160,000.00	0.00	0.00	0.00	160,000.00
Huang Hanjie	160,000.00	0.00	0.00	0.00	160,000.00
Guo Junxiang	160,000.00	0.00	0.00	0.00	160,000.00
Cui Xiang	200,000.00	0.00	0.00	0.00	200,000.00
Chen Weiping	200,000.00	0.00	0.00	0.00	200,000.00
Tam, Kwok Ming Banny	200,000.00	0.00	0.00	0.00	200,000.00
<i>Supervisors:</i>					
Chen Qijun	80,000.00	0.00	0.00	0.00	80,000.00
Han Shu	80,000.00	0.00	0.00	0.00	80,000.00
Hu Shujun	80,000.00	0.00	0.00	0.00	80,000.00
Cao Huan	462,157.99	101,821.20	818,224.19	994,677.00	2,376,880.38
Guo Hao	266,760.00	21,282.00	0.00	736,677.50	1,024,719.50
Total	6,015,988.84	436,921.74	13,725,773.89	18,258,888.00	38,437,572.47

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(V) Remuneration of Directors, Supervisors and employees (Continued)

1. Details of remuneration of Directors and Supervisors (Continued)

Items	Salaries and allowances	Social insurance, housing provident funds and pensions	Bonus	Share-based payment	Total
Amount recognized in previous year					
<i>Executive Directors:</i>					
Zhang Jianxin	1,419,000.00	123,444.64	6,820,225.00	432,000.00	8,794,669.64
Yin Bo	1,189,606.40	86,363.96	8,319,325.00	432,000.00	10,027,295.36
Xia Jinjing	678,719.63	77,341.72	4,199,446.66	168,000.00	5,123,508.01
<i>Non-executive Directors:</i>					
Zhang Xin	0.00	0.00	0.00	0.00	0.00
Huang Hanjie	0.00	0.00	0.00	0.00	0.00
Guo Junxiang	0.00	0.00	0.00	0.00	0.00
Wong, Yui Keung Marcellus	60,000.00	0.00	0.00	0.00	60,000.00
Yang Deren	60,000.00	0.00	0.00	0.00	60,000.00
Qin Haiyan	60,000.00	0.00	0.00	0.00	60,000.00
Cui Xiang	60,000.00	0.00	0.00	0.00	60,000.00
Chen Weiping	60,000.00	0.00	0.00	0.00	60,000.00
Tam, Kwok Ming Banny	60,000.00	0.00	0.00	0.00	60,000.00
<i>Supervisors:</i>					
Chen Qijun	0.00	0.00	0.00	0.00	0.00
Han Shu	0.00	0.00	0.00	0.00	0.00
Hu Shujun	0.00	0.00	0.00	0.00	0.00
Cao Huan	260,918.32	88,794.96	746,234.59	48,000.00	1,143,947.87
Guo Hao	267,944.00	14,322.00	263,338.00	36,000.00	581,604.00
Ma Junhua	2,312,756.00	86,402.00	7,984,500.00	144,000.00	10,527,658.00
Total	6,488,944.35	476,669.28	28,333,069.25	1,260,000.00	36,558,682.88

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(V) Remuneration of Directors, Supervisors and employees (Continued)

2. Five highest paid individuals

Three of the five highest paid individuals of the current year are Directors (previous year: three), whose remunerations are reflected in Note XI. (V). 1 Details of remuneration of Directors and Supervisors. The remuneration of other two individuals (previous year: two) are set out below:

Items	Amount recognized in current year	Amount recognized in previous year
Salaries and allowances	1,916,124.91	2,928,650.10
Social insurance, housing provident funds and relevant pensions	203,642.40	175,196.96
Bonus	7,425,182.09	12,077,014.48
Share-based payment	2,803,451.09	300,000.00
Total	12,348,400.49	15,480,861.54

Remuneration range:

Items	Number in current year	Number in previous year
HK\$6,000,001 to HK\$6,500,000	0	1
HK\$6,500,001 to HK\$7,000,000	1	0
HK\$7,000,001 to HK\$7,500,000	1	0
HK\$12,500,001 to HK\$13,000,000	0	1
Total	2	2

3. During the track record period, no Director has waived or agreed to waive any remuneration. During the track record period, no remuneration was paid by the Company to any Directors, Supervisors or the five highest paid individuals as inducements to join or upon joining the Company or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XI. Related Parties and Related-party Transactions (Continued)

(V) Remuneration of Directors, Supervisors and employees (Continued)

4. Compensation of key management

Compensation of key management (including amounts paid to Directors, Supervisors and senior management) are as follows:

Items	Amount recognized in current year	Amount recognized in previous year
Salaries and allowances	11,226,807.70	9,264,243.64
Social insurance, housing provident funds and relevant pensions	1,137,585.72	995,666.68
Bonus	25,736,842.98	42,892,356.07
Share-based payment	31,320,443.91	2,004,000.00
Total	69,421,680.31	55,156,266.39

(VI) Borrowings due from Directors/associated enterprises of Directors

Nil.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XII. Share-based payment

1. General information on share-based payments

Item	Note
Total amount of each equity instrument granted by the Company during the year	29,940,000 shares
Total amount of each equity instrument exercised by the Company during the year	
Total amount of each equity instrument of the Company lapsed during the year	
The range of exercise prices and remaining contractual term of the Company's phantom stock plan issued and outstanding at the end of the year	
The range of exercise prices and remaining contractual term of other equity instruments issued and outstanding at the end of the year by the Company	

Note: The resolution on the Employee Share Ownership Scheme proposed to be adopted was considered and approved at the 2022 third extraordinary board meeting held on 15 March 2022 and the 2022 first extraordinary general meeting held on 5 May 2022 of the Company. The Company granted 29.94 million Domestic Shares to the participants of the Employee Share Ownership Scheme (a total of 500 participants including Directors, Supervisors, senior management, middle management, core technical employees and core business employees of the Company) through the Shareholding Platforms of the Employee Share Ownership Scheme. The source of the shares was originated from the Domestic Shares transferred by TBEA, the Controlling Shareholder of the Company. The grant price was RMB13.73 per Domestic Share. For details, please refer to the announcement dated 15 March 2022, the circular dated 19 April 2022 and the poll results announcement dated 5 May 2022 of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XII. Share-based payment (Continued)

2. Equity-settled share-based payments

Items	Note
Methodology for determining the fair value of equity instruments at the date of grant	The fair value is determined according to the valuation report (Yin Xin Ping Bao Zi [2022] Hu No. 0765) issued by Yinxin Appraisal Co., Ltd (銀信資產評估有限公司)
Basis for determining the number of exercisable equity instruments	Estimated exercisable number of equity incentive shares on the balance sheet date
Reasons for significant differences between estimates for the year and previous year	Nil
Accumulated amount of equity-settled share-based payments included in capital reserve	31,442,778.63
Total expense recognized for equity-settled share-based payments during the year	30,684,103.19

3. Share-based payments granted by the parent company

In 2022, the Company recognized cumulative share-based payment expenses of RMB48,932,451.55 under the share incentive plan implemented by TBEA participated by certain employees, which was included in the corresponding costs and capital reserve, of which RMB4,411,364.75 was included in capital reserve for the year.

On 15 August 2022, the “Resolution on the First Grant of the Third Exercise Period of Stock Options under 2019 Stock Option Incentive Plan of the Company and the Achievement of Exercise Conditions in the Second Exercise Period of Granted Reserved Stock Options” was considered and approved at the board meeting of TBEA. The share incentive scheme has been fully exercised and the amount of share-based payment originally included in other capital reserve is included in the equity premium.

XIII. Contingencies

1. Contingent liabilities arising from pending lawsuits or arbitration: Nil.
2. Contingent liabilities arising from provision of guarantees: Nil.
3. Other contingent liabilities: Nil.
4. As at 31 December 2022, the Group had no other significant contingencies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XIV. Commitments

1. Significant commitments

As at 31 December 2022, the Group's guarantees for contingent liabilities in the form of letter of guarantee were equivalent to RMB2,260,887,341.56 at the benchmark exchange rate at the end of the year, with maturity in 2027 at the latest.

2. Information of mortgaged assets

Entity mortgaging assets	Mortgagee	Category of mortgaged assets	Appraised asset value/Original book value	Project of mortgage/guarantee
Xinte Energy Co., Ltd.	Industrial Bank Urumqi Branch	Machinery and equipment of the 180,000-ton-per-anuum Deep Cold Hydrogenation and Recycling of Silicon Tetrachloride and Highpurity Polysilicon Transformation and Upgrading Project	706,605,468.88	180,000-ton-per-anuum Deep Cold Hydrogenation and Recycling of Silicon Tetrachloride and Highpurity Polysilicon Transformation and Upgrading Project Machinery and Equipment (18萬噸/年四氯化硅深化冷氫化循環利用及高純晶體硅轉型升級技術改造項目機器設備)
Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司)	China Development Bank Xinjiang Branch	Fixed assets and land use rights after the completion of TBEA Guyang Xingshunxi Wind Power Plant Phase I 100MW Wind Power Project	716,505,966.01	TBEA Guyang Xingshunxi Wind Power Plant Phase I 100MW Wind Power Project (特變電工固陽興順西風電場一期100MW風電工程項目)
Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司)	China Development Bank Xinjiang Branch	fixed assets and land use rights after the completion of TBEA Guyang Xingshunxi PV Power Plant 20MW Integrated Wind Power and PV Power Plant PV Power Generation Project		TBEA Guyang Xingshunxi PV Power Plant 20MW Integrated Wind Power and PV Power Plant PV Power Generation Project (特變電工固陽興順西光伏電場20MW風光同場太陽能光伏發電工程項目)
Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司)	China Development Bank Xinjiang Branch	Lands, buildings, machinery and equipment of Xinjiang Hami Wind Power Base Phase II Jingxia No. 6 Wind Power Plant Block B 200MW Project	1,366,014,648.64	Xinjiang Hami Wind Power Base Phase II Jingxia No. 6 Wind Power Plant Block B 200MW Project (新疆哈密風電基地二期項目景峽第六風電場B區200MW項目建設)
Zhengxiangbai Banner Fengsheng Power Generation Co., Ltd. (正鑲白旗風盛發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets and land use rights after the completion of Fengsheng Zhengxiangbai Banner Ultrahigh Voltage 275,000kW Wind Power Plant Project	3,192,992,097.59	Fengsheng Zhengxiangbai Banner Ultra-high Voltage 275,000kW Wind Power Plant Project under the Poverty Alleviation Program (風盛正鑲白旗特高壓外送27.5萬千瓦風電場扶貧開發建設項目)
Zhengxiangbai Banner Fengsheng Power Generation Co., Ltd. (正鑲白旗風盛發電有限公司)	China Development Bank Xinjiang Branch	fixed assets and land use rights after the completion of Fengsheng Zhengxiangbai Banner Ultra-high Voltage 200,000kW Wind Power Plant Project		Fengsheng Zhengxiangbai Banner Ultra-high Voltage 200,000kW Wind Power Plant Project under the Poverty Alleviation Program (風盛正鑲白旗特高壓外送20萬千瓦風電場扶貧開發建設項目)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XIV. Commitments (Continued)

2. Information of mortgaged assets (Continued)

Entity mortgaging assets	Mortgagee	Category of mortgaged assets	Appraised asset value/Original book value	Project of mortgage/guarantee
Ruicheng County Huiyuan Power Generation Co., Ltd. (芮城縣輝源發電有限責任公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Shanxi Ruicheng PV Leading Technology Base Xiyao 50MW PV Power Project	305,827,731.87	Shanxi Ruicheng PV Leading Technology Base Xiyao 50MW PV Power Project (山西芮城光伏領跑技術基地西堯50MW 光伏發電項目)
Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Shanxi Yangquan Deep Mining Area National Leading PV Power Demonstration Project	683,916,052.18	Shanxi Yangquan Deep Mining Area National Leading PV Power Demonstration Project (山西陽泉市採煤深陷區國家先進技術光伏發電示範基地項目)
Hami Huafeng New Energy Power Generation Co., Ltd. (哈密華風新能源發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Hami Southeast Shankou TBEA 150MWp PV Power Project	938,724,438.40	Hami Southeast Shankou TBEA 150MWp PV Power Project (哈密東南部山口特變電工150MWp 光伏發電項目)
Heqing Huineng Power Generation Co., Ltd. (鶴慶匯能發電有限責任公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Yunnan Dali Prefecture Heqing Huangping On-grid PV Power Project	176,216,297.75	Yunnan Dali Prefecture Heqing Huangping On-grid PV Power Project (雲南省大理州鶴慶縣黃坪並網光伏電站項目)
Chongren County Huafeng Power Generation Co., Ltd. (崇仁縣華風發電有限公司)	Agricultural Bank of China Chongren Sub-branch	Equipment and lands after the completion of Chongren Xiangshan Phase I 50MW Wind Power Project	486,000,000.00	Chongren Xiangshan Phase I 50MW Wind Power Project (崇仁縣相山鎮一期50MW 風力發電項目)
Naiman Banner Huite PV Power Generation Co., Ltd. (奈曼旗匯特光伏發電有限責任公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Huite Naiman Banner 30MWp PV On-grid Power Project	210,852,742.53	Huite Naiman Banner 30MWp PV On-grid Power Project (匯特奈曼旗30MWp 光伏並網發電項目)
Yun County Huineng Power Co., Ltd. (雲縣匯能發電有限責任公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Yunxian Ganlongtan On-grid PV Power Plant	183,133,475.45	Yunxian Ganlongtan On-grid PV Power Plant (雲縣幹龍潭並網光伏電站項目)
Mulei County Xinte Huineng Power Generation Co., Ltd. (木壘縣新特匯能發電有限責任公司)	Agricultural Development Bank of China Mulei Sub-branch 行	Fixed assets after the completion of Mulei Laojunmiao 100MW Wind Power Project	651,211,400.35	Mulei Laojunmiao 100MW Wind Power Project (木壘老君廟100MW 風力發電項目)
Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. (圖木舒克東潤環能光伏發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. No. 3 Division Jiashi Plant Phase I 20MWp On-grid PV Power Plant	141,972,655.75	Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. No. 3 Division Jiashi Plant Phase I 20MWp On-grid PV Power Plant (圖木舒克東潤環能光伏發電有限公司第三師伽師總場一期20MWp 並網光伏電站項目)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XIV. Commitments (Continued)

2. Information of mortgaged assets (Continued)

Entity mortgaging assets	Mortgagee	Category of mortgaged assets	Appraised asset value/Original book value	Project of mortgage/guarantee
Mulei County Jiayu Fengsheng Power Generation Co., Ltd. (木壘縣嘉裕風晟發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of TBEA Mulei Dashitou 200MW Wind Power Project	1,404,723,992.65	TBEA Mulei Dashitou 200MW Wind Power Project (特變電工木壘大石頭200MW 風力發電項目)
Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Baotou Guangyi Solar Power Co., Ltd. Shiguai District Leader No. 1 100MWp PV Project	645,549,715.18	Baotou Guangyi Solar Power Co., Ltd. Shiguai District Leader No. 1 100MWp PV Project (包頭市光羿太陽能發電有限公司石拐區領跑者1號100MWp 光伏項目)
Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限公司)	Agricultural Bank of China Burqin Sub-branch	Fixed assets after the completion of Xinjiang Zhundong Base TBEA Burqin 150MW Wind Power Plant	1,188,000,000.00	Xinjiang Zhundong Base TBEA Burqin 150MW Wind Power Plant (新疆准東基地特變電工布爾津縣150MW 風電場)
Heze Mudan District Haofeng New Energy Co., Ltd. (菏澤市牡丹區浩風新能源有限公司)	SPD Bank Heze Branch	Fixed assets of Haofeng New Energy Mudan District Wanghao Village 50MW Wind Power Project	376,487,656.15	Haofeng New Energy Mudan District Wanghao Village 50MW Wind Power Project (浩風新能源牡丹區王浩屯50MW 風電項目)
Luyi Fengyi Power Co., Ltd. (鹿邑縣風易發電有限公司)	SPD Bank Xuchang Branch	Fixed assets after the completion of Luyi Mudian 20MW Distributed Project	170,818,875.57	Luyi Mudian 20MW Distributed Project (鹿邑穆店20MW 分散式項目)
Hami Zhenchao Wind Power Co., Ltd. (哈密市振超風力發電有限公司)	Bank of China Hami Branch	Fixed assets after the completion of Luotuoquanzi 15MW Distributed Wind Power Project	97,819,027.05	Camel circle town 15MW Distributed Wind Power Project (駱駝圈子15MW 分散式風電項目)
Huocheng Guangsheng PV Power Co., Ltd. (霍城縣光晟光伏發電有限公司)	China Construction Bank Changji Branch	Fixed assets after the completion of Huocheng 50MW PV Power Project	230,969,522.97	Huocheng 50MW PV Power Project (霍城50MW 光伏發電項目)
Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新園新能源有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Xinyuan Zhengxiangbai Banner Ultra-high Voltage 200,000kW Wind Power Plant	1,363,335,864.91	Xinyuan Zhengxiangbai Banner Ultra-high Voltage 200,000kW Wind Power Plant under the Poverty Alleviation Program (新園正鑲白旗特高壓外送20萬千瓦風電場扶貧開發建設項目)
Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司)	ABC Financial Leasing Co., Ltd.	Wind power generating units and towers of Zhongmin Wind Power Mulei Dashitou 200MW Wind Power Project	1,515,381,219.43	Zhongmin (Mulei) Wind Power Co., Ltd. Mulei Dashitou 200MW Wind Power Project (中閩(木壘)風電有限公司木壘大石頭200MW 風力發電項目)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XIV. Commitments (Continued)

2. Information of mortgaged assets (Continued)

Entity mortgaging assets	Mortgagee	Category of mortgaged assets	Appraised asset value/Original book value	Project of mortgage/guarantee
Yarkant County Xinshang Energy Power Generation Co., Ltd. (莎車縣新尚能源發電有限責任公司)	Industrial and Commercial Bank of China Limited Kashgar Branch	Fixed assets after the completion of Xinshang Energy Yarkant 100MW PV On-grid Power and Energy Storage Facilities Project	350,642,648.77	Xinshang Energy Yarkant 100MW PV On-grid Power and Energy Storage Facilities Project (新尚能源莎車100兆瓦光伏並網發電和儲能設施項目)
Kalpin County Kete New Energy Co., Ltd. (柯坪縣柯特新能源有限責任公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Kete New Energy Kalpin County 100MW PV and Energy Storage and Power Generation Project	376,594,050.73	Kete New Energy Kalpin County 100MW PV and Energy Storage and Power Generation Project (柯特新能源柯坪縣100兆瓦光伏及儲能發電項目)
Xifeng Rongsheng Power New Energy Co., Ltd. (西豐縣榮晟電力新能源有限公司)	China Development Bank Liaoning Branch	Fixed assets after the completion of Tieling Xifeng County Baiyu Township Wind Power Project	596,661,905.21	Tieling Xifeng County Baiyu Township Wind Power Project (鐵嶺市西豐縣柏榆鎮風電項目)
Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限責任公司)	ICBC Changji Branch	Fixed assets after the completion of Sihuai Region 50MW Agriculture-PV Complement On-grid Power Project	363,282,222.63	Xintai Guanghua PV Power Generation Co., Ltd. Sihuai Region 50MW Agriculture-PV Complement On-grid Power Project (新泰市光華光伏發電有限責任公司四槐片區50MW農光互補並網發電項目)
Wuwei Wusheng New Energy Technology Co., Ltd. (武威武晟新能源科技有限公司)	Agricultural Bank of China Financial Leasing Co., Ltd.	Fixed assets after the completion of Wuwei 150 MW PV Power Project	528,965,224.80	Wuwei 150 MW PV Power Project (武威150兆瓦光伏發電項目)
Baotou Guangchi Solar Energy Co., Ltd. (包頭市光熾太陽能有限責任公司)	China Construction Bank Baotou Branch	Fixed assets after the completion of Baotou Tumed Right Banner Land Governance and Agriculture-PV Complement 300,000 KW PV Demonstration Project	1,194,129,793.98	Baotou Tumed Right Banner Land Governance and Agriculture-PV Complement 300,000 KW PV Demonstration Project (包頭市土默特右旗土地治理暨農光互補30萬千瓦光伏示範項目)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XIV. Commitments (Continued)

3. Information of pledged assets

Entity pledging assets	Pledgee	Category of pledged assets	Appraised asset value/Original book value	Project of pledge/guarantee
Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	326,664,723.75	TBEA Guyang Xingshunxi Wind Power Plant Phase I 100MW Wind Power Project (特變電工固陽興順西風電場一期100MW 風電工程項目)
Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project		TBEA Guyang Xingshunxi PV Power Plant 20MW Integrated Wind Power and PV Power Plant PV Power Generation Project (特變電工固陽興順西光伏電場20MW 風光同場太陽能光伏發電工程項目)
Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	565,729,579.86	Xinjiang Hami Wind Power Base Phase II Jingxia No. 6 Wind Power Plant Block B 200MW Project (新疆哈密風電基地二期項目景峽第六風電場 B 區200MW 項目建設)
Zhengxiangbai Banner Fengsheng Power Generation Co., Ltd. (正鑲白旗風盛發電有限公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	258,551,589.44	Fengsheng Zhengxiangbai Banner Ultra-high Voltage 275,000kW Wind Power Plant Project under the Poverty Alleviation Program (風盛正鑲白旗特高壓外送27.5萬千瓦風電場扶貧開發建設項目)
Zhengxiangbai Banner Fengsheng Power Generation Co., Ltd. (正鑲白旗風盛發電有限公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project		Fengsheng Zhengxiangbai Banner Ultra-high Voltage 200,000kW Wind Power Plant Project under the Poverty Alleviation Program (風盛正鑲白旗特高壓外送20萬千瓦風電場扶貧開發建設項目)
Ruicheng County Huiyuan Power Generation Co., Ltd. (芮城縣輝源發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	60,378,589.59	New Shanxi Ruicheng PV Leading Technology Base Xiyao 50MW PV Power Project (新建山西芮城光伏領跑技術基地西堯50MW 光伏發電項目)
Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	248,091,938.72	Shanxi Yangquan Deep Mining Area National Leading PV Power Demonstration Project (山西陽泉市採煤深陷區國家先進技術光伏發電示範基地項目)
Hami Huafeng New Energy Power Generation Co., Ltd. (哈密華風新能源發電有限公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	288,727,715.29	Hami Southeast Shankou TBEA 150MWp PV Power Project (哈密東南部山口特變電工150MWp 光伏發電項目)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XIV. Commitments (Continued)

3. Information of pledged assets (Continued)

Entity pledging assets	Pledgee	Category of pledged assets	Appraised asset value/Original book value	Project of pledge/guarantee
Heqing Huineng Power Generation Co., Ltd. (鶴慶匯能發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	74,144,949.59	Yunnan Dali Prefecture Heqing Huangping On-grid PV Power Project (雲南省大理州鶴慶縣黃坪並網光伏電站項目)
Chongren County Huafeng Power Generation Co., Ltd. (崇仁縣華風發電有限公司)	Agricultural Bank of China Chongren Subbranch	The right to tariff after the completion and all revenue under the project	792,800,000.00	Chongren Xiangshan Phase I 50MW Wind Power Project (崇仁縣相山鎮一期50MW風力發電項目)
Naiman Banner Huite PV Power Generation Co., Ltd. (奈曼旗匯特光伏發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	128,405,183.56	Huite Naiman Banner 30MWp PV On-grid Power Project (匯特奈曼旗30MWp光伏並網發電項目)
Yun County Huineng Power Co., Ltd. (雲縣匯能發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	89,279,025.28	Yunxian Ganlongtan On-grid PV Power Plant (雲縣幹龍潭並網光伏電站項目)
Mulei County Xinte Huineng Power Generation Co., Ltd. (木壘縣新特匯能發電有限責任公司)	Agricultural Development Bank of China Mulei Sub-branch	The right to tariff after the completion and all revenue under the project	1,543,500,000.00	Mulei Laojunmiao 100MW Wind Power Project (木壘老君廟100MW風力發電項目)
Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. (圖木舒克東潤環能光伏發電有限公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	44,373,165.38	Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. No. 3 Division Jiashi Plant Phase I 20MWp On-grid PV Power Plant (圖木舒克東潤環能光伏發電有限公司第三師伽師總場一期20MWp並網光伏電站項目)
Mulei County Jiayu Fengsheng Power Generation Co., Ltd. (木壘縣嘉裕風晟發電有限公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	113,724,776.64	TBEA Mulei Dashitou 200MW Wind Power Project (特變電工木壘大石頭200MW風力發電項目)
Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	109,933,396.55	Baotou Guangyi Solar Power Co., Ltd. Shiguai District Leader No. 1 100MWP PV Project (包頭市光羿太陽能發電有限責任公司石拐區領跑者1號100MWP光伏項目)
Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司)	Agricultural Bank of China Burqin Sub-branch	The right to tariff after the completion and all revenue under the project	1,400,000,000.00	Xinjiang Zhudong Base TBEA Burqin 150MW Wind Power Plant (新疆准東基地特變電工布爾津縣150MW風電場)
Heze Mudan District Haofeng New Energy Co., Ltd. (菏澤市牡丹區浩風新能源有限公司)	SPD Bank Heze Branch	The right to tariff after the completion and all revenue under the project	46,111,889.39	Haofeng New Energy Mudan District Wanghao Village 50MW Wind Power Project (浩風新能源牡丹區王浩屯50MW風電項目)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XIV. Commitments (Continued)

3. Information of pledged assets (Continued)

Entity pledging assets	Pledgee	Category of pledged assets	Appraised asset value/Original book value	Project of pledge/guarantee
Luyi Fengyi Power Co., Ltd. (鹿邑縣風易發電有限公司)	SPD Bank Xuchang Branch	The right to tariff after the completion and all revenue under the project	10,190,953.25	Luyi Mudian 20MW Distributed Project (鹿邑穆店20MW 分散式項目)
Hami Zhenchao Wind Power Co., Ltd. (哈密市振超風力發電有限公司)	Bank of China Hami Branch	The right to tariff after the completion and all revenue under the project	4,521,773.80	Camel circle town 15MW Distributed Wind Power Project (駱駝圈子15MW 分散式風電項目)
Huocheng Guangsheng PV Power Co., Ltd. (霍城縣光晟光伏發電有限公司)	China Construction Bank Changji Branch	The right to tariff after the completion and all revenue under the project	770,796.46	Huocheng 50MW PV Power Project (霍城50MW 光伏發電項目)
Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新圓新能源有限公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	101,168,617.09	Xinyuan Zhengxiangbai Banner Ultra-high Voltage 200,000kW Wind Power Plant under the Poverty Alleviation Program (新圓正鑲白旗特高壓外送20萬千瓦風電場扶貧開發建設項目)
Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司)	Agricultural Bank of China Financial Leasing Co., Ltd.	The right to tariff after the completion and all revenue under the project	162,430,250.75	Zhongmin (Mulei) Wind Power Co., Ltd. Mulei Dashiou 200MW Wind Power Project (中閩(木壘)風電有限公司木壘大石頭200MW 風力發電項目)
Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限責任公司)	ICBC Changji Branch	The right to tariff after the completion and all revenue under the project	549,240,000.00	Xintai Guanghua PV Power Generation Co., Ltd. Sihuai Region 50MW Agriculture-PV Complement On-grid Power Project (新泰市光華光伏發電有限責任公司四槐片區50Mw 農光互補並網發電項目)
Wuwei Wusheng New Energy Technology Co., Ltd. (武威武晟新能源科技有限公司)	Agricultural Bank of China Financial Leasing Co., Ltd.	The right to tariff after the completion and all revenue under the project	1,831,181,600.00	Wuwei 150 MW PV Power Project (武威150兆瓦光伏發電項目)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XV. Events after the Balance Sheet Date

In order to facilitate the A Share offering of the Company, the Group transferred its equity interests in companies belonging to two new energy power plant projects with defective land use to the Company's controlling shareholder, TBEA. On 6 January 2023, each of the Company's subsidiaries, TBEA New Energy and Shaanxi TBEA entered into an equity transfer agreement with TBEA Co., Ltd, pursuant to which TBEA New Energy transferred 100% equity of Mingrui Guangsheng to TBEA. According to the appraised value of the total shareholders' equity of Mingrui Guangsheng of RMB158,200,000, the parties agreed to transfer the consideration of RMB134,999,999. Shaanxi TBEA transferred 100% equity of Wuqi Huaguang to TBEA. According to appraised value of the total shareholders' equity of Wuqi Huaguang of RMB -23,200,000, the parties agreed to transfer the consideration of RMB1. As of the disclosure date of this Note, the above-mentioned equity transfer has been completed, and Mingrui Guangsheng and Wuqi Huaguang are no longer subsidiaries of the Company and are no longer included in the scope of the consolidated financial statements.

XVI. Other Significant Matters

1. 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. The transactions of elimination between segments are carried out based on terms and conditions mutually agreed between the relevant parties. The measurement of segment revenue and results reported to the CODM are in a manner consistent with that in the consolidated income statement. The amounts provided to the CODM with respect to total assets are measured in a manner consistent with that of the consolidated balance sheet. These assets are allocated based on the operations of the segment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVI. Other Significant Matters (Continued)

1. Segment information (Continued)

In the current year

Items	Polysilicon	Construction of wind power and PV power plants	Operation of wind power and PV power plants	Others	Inter-segment elimination	Total
I. Segment revenue and results						
1. Operating revenue	25,903,035,519.46	11,907,286,328.22	2,038,892,711.17	4,386,010,469.08	-6,694,110,528.25	37,541,114,499.68
Including: Revenue from external transactions	25,663,307,724.41	7,688,088,705.29	2,038,316,519.58	2,151,401,550.40		37,541,114,499.68
Revenue from inter-segment transactions	239,727,795.05	4,219,197,622.93	576,191.59	2,234,608,918.68	-6,694,110,528.25	
2. Operating cost	7,882,379,193.62	10,194,813,420.35	876,620,674.28	3,834,238,361.08	-6,321,784,963.25	16,466,266,686.08
3. Gross profit for the segment	18,066,012,645.39	1,506,852,493.75	1,210,853,712.31	291,128,962.15	21,074,847,813.60	
4. Investment revenue of associates and joint ventures		129,918,104.51				129,918,104.51
5. Impairment loss of credit	-12,772,427.45	-265,760,179.76	-804,500,448.60	-22,026,292.88	249,116,264.10	-855,943,084.59
6. Impairment loss of assets	-9,775,619.91	-117,313,152.05	-322,675,705.72	-33,873,414.89		-483,637,892.57
7. Depreciation and amortization expenses	1,068,029,288.23	51,188,745.75	766,607,264.26	91,311,386.70	-64,683,437.32	1,912,453,247.62
8. Total profit	17,205,667,592.02	1,581,204,798.90	-525,182,964.11	59,146,541.40	-1,505,787,025.44	16,815,048,942.77
9. Income tax expenses	2,447,430,805.43	91,160,447.33	-148,241,118.02	42,796,691.57	-44,343,604.99	2,388,803,221.32
10. Net profit	14,758,236,786.59	1,490,044,351.57	-376,941,846.09	16,349,849.83	-1,461,443,420.45	14,426,245,721.45
II. Total assets	51,744,189,772.03	20,813,990,963.39	25,518,488,245.39	6,296,857,452.36	-25,112,482,371.04	79,261,044,062.13
1. Long-term equity investments (investments in associates and joint ventures)		46,454,000.00				46,454,000.00
2. Increase in non-current assets (other than long-term equity investments)	12,803,973,820.78	345,193,613.83	4,884,919,627.15	278,340,551.07	-1,172,115,206.01	17,140,312,406.82
III. Total liabilities in the previous year	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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVI. Other Significant Matters (Continued)

1. Segment information (Continued)

In the previous year

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	-484,989,645.91	5,384,011,024.20
II. Total assets						
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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVII. Notes to Key Items of Financial Statements of the Parent Company

1. Accounts receivable

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

Category	Book balance		Closing balance		Carrying amount
	Amount	Percentage (%)	Provision for bad debts		
			Amount	Percentage (%)	
Bad debt provision made on individual basis	0.00	0.00	0.00	0.00	0.00
Bad debt provision made on a collective basis	461,113,696.46	100.00	41,934,009.96	9.09	419,179,686.50
including: Portfolio of aging	0.00	0.00	0.00	0.00	0.00
Portfolio of electricity and subsidies	461,113,696.46	100.00	41,934,009.96	9.09	419,179,686.50
Total	461,113,696.46	100.00	41,934,009.96	9.09	419,179,686.50

Category	Book balance		Opening balance		Carrying amount
	Amount	Percentage (%)	Provision for bad debts		
			Amount	Percentage (%)	
Bad debt provision made on individual basis	0.00	0.00	0.00	0.00	0.00
Bad debt provision made on a collective basis	490,506,212.84	100.00	18,595,406.51	3.79	471,910,806.33
including: Portfolio of aging	490,506,212.84	100.00	18,595,406.51	3.79	471,910,806.33
Portfolio of electricity and subsidies	0.00	0.00	0.00	0.00	0.00
Total	490,506,212.84	100.00	18,595,406.51	—	471,910,806.33

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

1. Accounts receivable (Continued)

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

- 1) The current year records no accounts receivable for which bad debt provision are made on individual basis.
- 2) *Bad debt provision made on accounts receivable on collective basis*

Aging	Closing balance		Provision percentage (%)
	Accounts receivable	Bad debt provision	
Within 1 year (inclusive)	209,735,783.80	4,194,715.68	2.00
1 year to 2 years (inclusive)	97,884,444.33	4,894,222.22	5.00
2 years to 3 years (inclusive)	132,289,700.40	26,457,940.07	20.00
3 years to 4 years (inclusive)	21,073,759.87	6,322,127.96	30.00
4 years to 5 years (inclusive)	130,008.06	65,004.03	50.00
Over 5 years	0.00	0.00	100.00
Total	461,113,696.46	41,934,009.96	—

Aging	Opening balance		Provision percentage (%)
	Accounts receivable	Bad debt provision	
Within 1 year (inclusive)	329,547,066.87	6,590,941.34	2.00
1 year to 2 years (inclusive)	135,518,869.87	6,775,943.49	5.00
2 years to 3 years (inclusive)	24,035,611.49	4,807,122.30	20.00
3 years to 4 years (inclusive)	1,404,664.61	421,399.38	30.00
4 years to 5 years (inclusive)	0.00	0.00	50.00
Over 5 years	0.00	0.00	100.00
Total	490,506,212.84	18,595,406.51	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

1. Accounts receivable (Continued)

(2) Accounts receivable by aging based on recording dates

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	209,735,783.80	329,547,066.87
1 year to 2 years (inclusive)	97,884,444.33	135,518,869.87
2 years to 3 years (inclusive)	132,289,700.40	24,035,611.49
3 years to 4 years (inclusive)	21,073,759.87	1,404,664.61
4 years to 5 years (inclusive)	130,008.06	0.00
Over 5 years	0.00	0.00
Total	461,113,696.46	490,506,212.84

(3) Bad debt provision for accounts receivable in the current year

Category	Opening balance	Accrued	Changes in the current year		Others	Closing balance
			Recovered or reversed	Carry-forward or written off		
Bad debt provision made on accounts receivable	18,595,406.51	23,338,603.45	0.00	0.00	0.00	41,934,009.96
Total	18,595,406.51	23,338,603.45	0.00	0.00	0.00	41,934,009.96

(4) Accounts receivable written off in the current year

Nil.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

1. Accounts receivable (Continued)

(5) The top five accounts receivable of the closing balance aggregated by the owing party

Company	Closing balance	Aging	Percentage of total closing balance of accounts receivable (%)	Closing balance of bad debt provision
Xinjiang Jingshuo New Material Co., Ltd. (新疆晶碩新材料有限公司)	266,194,973.82	Within 4 year	57.73	27,354,693.77
Inner Mongolia Huguang New Energy Co., Ltd. (內蒙古和光新能源有限公司)	68,276,809.98	Within 1 year	14.81	1,365,536.20
Xinjiang Xinte Energy Construction Material Co., Ltd. (新疆新特新能建材有限公司)	64,033,993.88	Within 4 year	13.89	11,689,765.47
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	32,167,475.40	Within 1 year	6.98	643,349.51
Xinjiang Shahai Green Energy Services Co., Ltd. (新疆沙海綠色能源服務有限公司)	16,999,602.08	Within 2 year	3.69	489,197.61
Total	447,672,855.16	—	97.10	41,542,542.56

2. Other receivables

Items	Closing balance	Opening balance
Interests receivable	0.00	0.00
Dividends receivable	0.00	430,988,436.89
Other receivables	2,810,321,864.08	663,849,694.54
Total	2,810,321,864.08	1,094,838,131.43

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

2. Other receivables (Continued)

2.1 Dividends receivable

(1) Dividends receivable by category

Items	Closing balance	Opening balance
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	0.00	430,988,436.89

(2) Significant dividends receivable with aging of over 1 year

Nil.

2.2 Other receivables

(1) Other receivables by nature

Nature	Book balance at the end of the year	Book balance at the beginning of the year
Advances	6,769,352.60	7,947,157.76
Margin and deposits	110,000.00	50,000.00
Principals and interests of borrowings	22,000.00	538,035.44
Related-party transactions	2,870,477,570.88	669,479,553.01
Daily cash advances	3,446,785.44	2,499,611.71
Others	0.00	116,139.39
Total	2,880,825,708.92	680,630,497.31

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

(2) *Bad debt provision made on other receivables*

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Opening balance	0.00	16,780,802.77	0.00	16,780,802.77
Book balance of other receivables at the beginning of the year	0.00	0.00	0.00	0.00
– Transferred to Stage 2	0.00	0.00	0.00	0.00
– Transferred to Stage 3	0.00	0.00	0.00	0.00
– Reversed to Stage 2	0.00	0.00	0.00	0.00
– Reversed to Stage 1	0.00	0.00	0.00	0.00
Accrued in current year	0.00	53,723,042.07	0.00	53,723,042.07
Reversed in current year	0.00	0.00	0.00	0.00
Carry-forward in current year	0.00	0.00	0.00	0.00
Written off in current year	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Closing balance	0.00	70,503,844.84	0.00	70,503,844.84

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

(3) Other receivables by aging

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	2,451,248,020.12	575,024,069.74
1 year to 2 years (inclusive)	429,577,688.8	105,606,427.57
2 years to 3 years (inclusive)	0.00	0.00
3 years to 4 years (inclusive)	0.00	0.00
4 years to 5 years (inclusive)	0.00	0.00
Over 5 years	0.00	0.00
Total	2,880,825,708.92	680,630,497.31

(4) Bad debt provision for other receivables

Category	Opening balance	Changes in the current year			Closing balance
		Accrued	Recovered or reversed	Carry-forward or written off	
Bad debt provision made on other receivables	16,780,802.77	53,723,042.07	0.00	0.00	70,503,844.84
Total	16,780,802.77	53,723,042.07	0.00	0.00	70,503,844.84

(5) Other receivables written off in the current year

Nil.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

(6) *The top five accounts receivable of the closing balance aggregated by the owing party*

Company	Nature	Closing balance	Aging	Percentage of total closing balance of accounts receivable (%)	Closing balance of bad debt provision
Xinte Silicon-based New Material Co., Ltd. (新特硅基新材料有限公司)	Related-party transactions	2,333,043,985.72	Within 1 year	80.99	46,660,879.71
Xinjiang Jingshuo New Material Co., Ltd. (新疆晶硕新材料有限公司)	Related-party transactions	410,764,057.92	1 year to 2 years	14.26	19,998,478.43
Xinjiang Xinte Xinneng Materials Co., Ltd. (新疆新特新材料检测中心有限公司)	Related-party transactions	45,553,639.92	1 year to 2 years	1.58	1,703,264.22
Xinjiang Xinte Energy Construction Material Co., Ltd. (新疆新特新能建材有限公司)	Related-party transactions	41,039,376.37	1 year to 2 years	1.42	914,180.31
Xinjiang Xinte Energy Logistic Co., Ltd. (新疆新特能源物流有限公司)	Related-party transactions	26,590,082.52	Within 1 year	0.92	531,801.65
Total	—	2,856,991,142.45	—	99.17	69,808,604.32

(7) *Receivables related to government grants*

Nil.

(8) *Other receivables derecognized due to transfer of financial assets*

Nil.

(9) *Assets and liabilities arising from transfer of other receivables with continuing involvement*

Nil.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

3. Long-term equity investments

(1) Long-term equity investments by category

Items	Book balance	Closing balance	
		Provision for impairment	Carrying amount
Investments in subsidiaries	15,302,654,296.23	0.00	15,302,654,296.23
Investments in associates	0.00	0.00	0.00
Total	15,302,654,296.23	0.00	15,302,654,296.23

Items	Book balance	Opening balance	
		Provision for impairment	Carrying amount
Investments in subsidiaries	9,189,474,219.63	0.00	9,189,474,219.63
Investments in associates	0.00	0.00	0.00
Total	9,189,474,219.63	0.00	9,189,474,219.63

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

3. Long-term equity investments (Continued)

(2) Investments in subsidiaries

Investee	Opening balance	Increase in current year	Decrease in current year	Closing balance	Provision for impairment accrued in current year	Balance of provision for impairment at the end of the year
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	4,237,208,018.67	1,713,127,412.59	0.00	5,950,335,431.26	0.00	0.00
Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司)	2,870,000,000.00	2,940,540.42	0.00	2,872,940,540.42	0.00	0.00
Xinte Silicon-based New Material Co., Ltd. (新特硅基新材料有限公司)	0.00	4,400,000,000.00	0.00	4,400,000,000.00	0.00	0.00
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	1,605,859,840.64	262,548.25	0.00	1,606,122,388.89	0.00	0.00
Xinjiang Jingshuo New Material Co., Ltd. (新疆晶碩新材料有限公司)	20,000,000.00	2,326,177.51	0.00	22,326,177.51	0.00	0.00
Xinjiang Xinte Energy Construction Material Co., Ltd. (新疆新特新能建材有限公司)	45,000,000.00	199,536.67	0.00	45,199,536.67	0.00	0.00
Xinjiang Xinte Xinneng Materials Co., Ltd. (新疆新特新能材料檢測中心有限公司)	53,277,015.32	273,050.18	0.00	53,550,065.50	0.00	0.00
Xinjiang Shahai Green Energy Services Co., Ltd. (新疆沙海綠色能源服務有限公司)	5,000,000.00	183,783.78	0.00	5,183,783.78	0.00	0.00
Xinjiang Xinte Energy Logistic Co., Ltd. (新疆新特能源物流有限公司)	5,000,000.00	262,548.25	0.00	5,262,548.25	0.00	0.00
Xinte Europe Technology Limited (新特歐洲科技有限公司)	4,376,295.00	0.00	0.00	4,376,295.00	0.00	0.00
Xinte PV North America Technology LLC (新特光伏北美科技有限責任公司)	6,553,050.00	0.00	6,553,050.00	0.00	0.00	0.00
Xinjiang Information Technology Co., Ltd. (新疆知信科技有限公司)	37,200,000.00	157,528.95	0.00	37,357,528.95	0.00	0.00
Urumqi Strategic Emerging Industry Xinte Energy Leading Fund (LLP) (烏魯木齊戰略性新興產業新特能源引導基金(有限合夥))	300,000,000.00	0.00	0.00	300,000,000.00	0.00	0.00
Total	9,189,474,219.63	6,119,733,126.60	6,553,050.00	15,302,654,296.23	0.00	0.00

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

3. Long-term equity investments (Continued)

(2) Investments in subsidiaries (Continued)

Note: Reasons for change in 2022 :

- ① In February 2022, the Company established Xinte Silicon-based New Material Co., Ltd. (新特硅基新材料有限公司) (“**Xinte Silicon-based New Material**”) with 100% shareholding and the registered capital of RMB4,400,000,000 as of 31 December 2022.
- ② In December 2022, the Company's wholly-owned subsidiary, Xinte PV North America Technology LLC (新特光伏北美科技有限責任公司), was cancelled, reducing its long-term equity investment by RMB6,553,050.00.
- ③ On 5 May 2022, the Company granted Domestic Shares to the participants of the Employee Share Ownership Scheme through the Shareholding Platforms of the Employee Share Ownership Scheme, and certain participants served were subsidiaries of the Company. The Company treated the share-based payment transactions as equity-settled share-based payments and recognized a total long-term equity investment of RMB19,733,126.60 in the companies served.
- ④ Please refer to note VIII.2.(1) for reasons of changes of a subsidiary, TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司).

(3) Investments in associates and joint ventures

Nil.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

4. Operating revenue, operating cost

(1) Basic information of operating revenue and operating cost

Items	Amount recognized in current year	
	Revenue	Cost
Main businesses	10,151,982,156.40	5,335,217,870.84
Other businesses	1,807,422,953.42	1,490,535,669.27
Total	11,959,405,109.82	6,825,753,540.11

Items	Amount recognized in previous year	
	Revenue	Cost
Main businesses	10,869,880,713.67	8,338,909,520.65
Other businesses	1,567,183,866.54	1,590,707,692.83
Total	12,437,064,580.21	9,929,617,213.48

(2) By business segment

Items	Amount recognized in current year	
	Revenue from main businesses	Cost of main businesses
Polysilicon	9,123,660,497.78	4,335,603,619.45
Others	1,028,321,658.62	999,614,251.39
Total	10,151,982,156.40	5,335,217,870.84

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

4. Operating revenue, operating cost (Continued)

(2) By business segment (Continued)

Item	Amount recognized in previous year	
	Revenue from main businesses	Cost of main businesses
Polysilicon	10,125,816,626.06	7,603,572,411.91
Others	744,064,087.61	735,337,108.74
Total	10,869,880,713.67	8,338,909,520.65

5. Investment income

Item	Amount recognized in current year	Amount recognized in previous year
Income from long-term equity investments under the cost method	354,715,517.24	498,011,796.89
Investment income from disposal of long-term equity investments	-6,051,650.41	0.00
Total	348,663,866.83	498,011,796.89

6. Others

Nil.

XVIII. Approval of the Financial Report

The financial report has been approved by the Company on 1 March 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

Supplementary Information to Financial Statements

1. Breakdown of non-recurring profit or loss in the current year

Items	Amount in current year	Explanation
Gains and losses from disposal of non-current assets	-85,200,789.07	
Tax refunds and relief of ultra vires or without formal approval or incidental tax refunds or relief	0.00	
Government grants included in the profit or loss for the period (except for the government grants closely related to the corporate businesses and granted at a fixed amount or quantity in accordance with national uniform standards)	92,612,276.36	
Funds utilization fees collected from non-financial enterprises included in the profit or loss for the period	4,958,307.99	
Gains from the excess of the fair value of identifiable net assets of the investee attributable to the enterprise at acquisition over the investment costs for the subsidiaries, associates and joint ventures	0.00	
Gains and losses from the exchange of non-monetary assets	0.00	
Gains and losses from investments on trust or asset management	0.00	
Provision for impairment of assets as a result of force majeure factors, such as natural disasters	0.00	
Gains and losses from debt restructuring	0.00	
Costs for enterprise reorganization, such as the expenses for the placement of workers, and integration cost	0.00	
Gains and losses from the excess of transaction without fair transaction price over the fair value	0.00	
Net gains or losses for the period of subsidiaries arising from business merger involving enterprises under common control from the beginning of the year to the date of combination	0.00	
Gains and losses arising from contingent matters not related to the normal operation of the Company	0.00	

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

Supplementary Information to Financial Statements (Continued)

1. Breakdown of non-recurring profit or loss in the current year (Continued)

Items	Amount in current year	Explanation
Investment income derived from the holding of financial assets held for trading and derivative financial assets, gains and losses arising from changes in fair value of financial liabilities held for trading and derivative financial liabilities and disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments (excluding the effective hedging activities related to the normal operation of the Company)	-48,751,577.03	
Reversal of impairment provision of receivables and contract assets tested on individual basis	0.00	
Gains and losses from external entrusted loan	0.00	
Gains and losses from the changes in fair value of investment properties measured by fair value model subsequently	0.00	
Effect of one-off adjustment in profit or loss for the period according to the laws and regulations regarding taxation and accounting	94,137,994.74	
Entrust fee income from entrusted operation	0.00	
Other non-operating income and expenditures apart from the above	9,383,669.41	
Other items of profit or loss meeting the definition of non-recurring profit or loss	4,278,456.40	
Sub-total	71,418,338.80	
Less: Effect of income tax	10,831,751.56	
Effect of non-controlling interest (after tax)	12,801,779.88	
Total	47,784,807.36	—

- (1) Explanation of the Company for “Other items of profit or loss meeting the definition of non-recurring profit or loss” and defining items of non-recurring profit or loss as items of recurrent profit or loss according to the nature and characteristics of its normal operation

Nil.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

Supplementary Information to Financial Statements (Continued)

2. 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 ordinary shareholders of the parent company	51.6426	9.3675	9.3675
Net profit attributable to ordinary shareholders of the parent company after deduction of non-recurring profit or loss	51.4584	9.3340	9.3340

3. Differences between financial statements prepared in accordance with domestic and overseas accounting standards

(1) Differences between net profit and net assets in the financial statements disclosed under the international accounting standards and under the PRC GAAP

Nil.

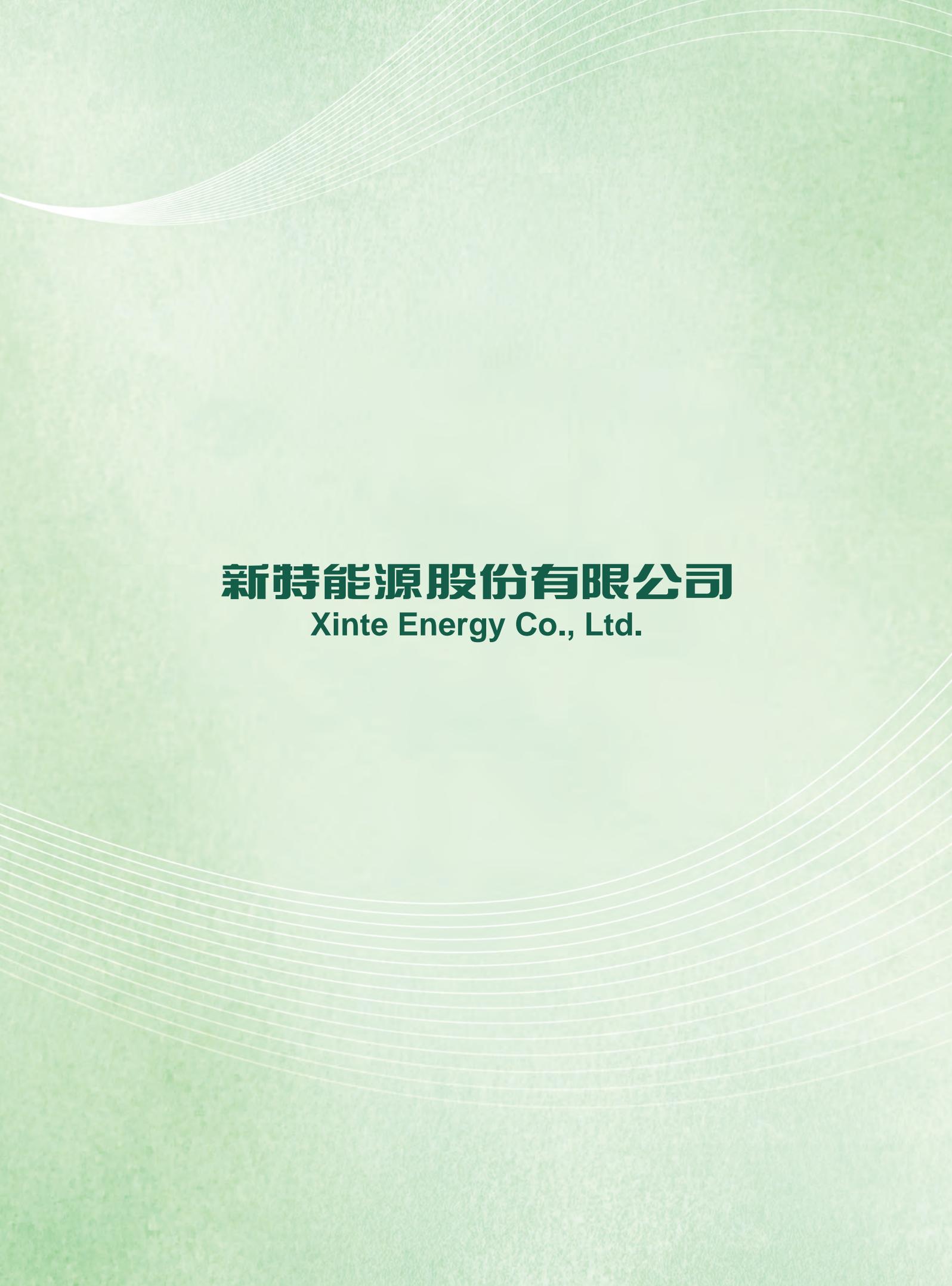
(2) Differences between net profit and net assets in the financial statements disclosed under the accounting standards applied by overseas regions and under the PRC GAAP

Nil.

4. Others

Nil.

Xinte Energy Co., Ltd.
1 March 2023



新特能源股份有限公司
Xinte Energy Co., Ltd.