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新特能源

XINTE ENERGY CO., LTD.

新特能源股份有限公司

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

(Stock code: 1799)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2024, the Group's operating revenue amounted to RMB11,743.10 million, representing a decrease of 33.23% over the corresponding period of last year.
- For the six months ended 30 June 2024, the Group's total loss amounted to RMB941.21 million, as compared to the total profit amounted of RMB6,442.25 million in the corresponding period of last year.
- For the six months ended 30 June 2024, the Group's net loss attributable to shareholders of the listed company amounted to RMB887.02 million, as compared to net profit attributable to shareholders of the listed company of RMB4,758.97 million in the corresponding period of last year.
- For the six months ended 30 June 2024, the Group's basic earnings per share amounted to RMB-0.62, as compared to RMB3.33 in the corresponding period of last year.
- The Board did not recommend the declaration of an interim dividend for the six months ended 30 June 2024.

The board of directors (the “**Board**”) of Xinte Energy Co., Ltd. (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**” or “**we**” or “**our**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), together with comparative figures for the corresponding period in 2023. The results were prepared in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China (the “**PRC**” or “**China**”) (the “**CASBE**”) and the disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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

CONSOLIDATED BALANCE SHEET

| Items | Notes | 30 June 2024 | 31 December 2023 |
|---|-------|--------------------------|-------------------|
| Current assets: | | | |
| Monetary capital | | 9,057,100,027.81 | 13,501,472,852.29 |
| Clearing settlement funds | | — | — |
| Loans to other banks | | — | — |
| Financial assets held for trading | | 52,454,608.34 | 52,454,608.34 |
| Derivative financial assets | | — | — |
| Notes receivable | 4 | 1,384,903,563.15 | 619,108,308.08 |
| Accounts receivable | 5 | 5,255,847,516.18 | 4,901,623,717.01 |
| Receivables financing | 6 | 2,818,809,502.84 | 4,889,382,544.41 |
| Prepayments | | 1,111,085,621.88 | 453,045,827.78 |
| Premiums receivable | | — | — |
| Reinsurance accounts receivable | | — | — |
| Reinsurance contract reserve receivable | | — | — |
| Other receivables | | 470,202,643.90 | 333,110,784.29 |
| Including: Interests receivable | | — | — |
| Dividends receivable | | 186,709,722.65 | 70,000,542.52 |
| Financial assets held under resale agreements | | — | — |
| Inventories | | 4,612,323,195.99 | 3,657,527,385.32 |
| Contract assets | | 1,939,513,132.70 | 1,697,192,056.77 |
| Assets held for sale | | — | — |
| Non-current assets due within one year | | 32,665,035.22 | — |
| Other current assets | | 4,430,000,251.84 | 1,415,476,864.31 |
| Total current assets | | 31,164,905,099.85 | 31,520,394,948.60 |

CONSOLIDATED BALANCE SHEET (*Continued*)

| Items | Notes | 30 June 2024 | 31 December 2023 |
|-------------------------------------|-------|--|--|
| Non-current assets: | | | |
| Loans and advances | | — | — |
| Debt investments | | — | — |
| Other debt investments | | — | — |
| Long-term receivables | | — | — |
| Long-term equity investments | | 353,498,684.65 | 420,038,496.06 |
| Other equity instrument investments | | 250,999,977.52 | 250,999,977.52 |
| Other non-current financial assets | | — | — |
| Investment properties | | — | — |
| Fixed assets | | 44,830,096,293.44 | 44,297,463,724.09 |
| Construction in progress | | 3,723,113,076.47 | 4,056,118,522.92 |
| Productive biological assets | | — | — |
| Oil and gas assets | | — | — |
| Right-of-use assets | | 508,602,650.78 | 507,547,367.95 |
| Intangible assets | | 1,460,337,417.02 | 1,403,620,399.79 |
| Development expenses | | — | — |
| Goodwill | | — | — |
| Long-term deferred expenses | | 42,725,461.63 | 39,219,161.25 |
| Deferred income tax assets | | 1,083,303,610.50 | 771,406,245.30 |
| Other non-current assets | | 3,732,879,781.54 | 2,662,647,922.02 |
| Total non-current assets | | <u>55,985,556,953.55</u> | <u>54,409,061,816.90</u> |
| Total assets | | <u><u>87,150,462,053.40</u></u> | <u><u>85,929,456,765.50</u></u> |

CONSOLIDATED BALANCE SHEET (*Continued*)

| Items | Notes | 30 June 2024 | 31 December 2023 |
|---|-------|--------------------------|--------------------------|
| Current liabilities: | | | |
| Short-term borrowings | 7 | 248,393,078.29 | 2,550,000.00 |
| Borrowing from central bank | | — | — |
| Loans from other banks | | — | — |
| Financial liabilities held for trading | | 34,864,158.11 | 35,774,325.96 |
| Derivative financial liabilities | | — | — |
| Notes payable | 8 | 8,773,404,939.38 | 7,450,380,250.01 |
| Accounts payable | 9 | 10,425,045,865.98 | 9,869,801,942.81 |
| Advances received | | — | — |
| Contract liabilities | | 2,151,518,671.72 | 2,271,057,038.71 |
| Proceeds from sale of repurchase financial assets | | — | — |
| Deposits from clients and placements from other banks | | — | — |
| Deposit for agency security transaction | | — | — |
| Deposit for agency security underwriting | | — | — |
| Staff remuneration payables | | 511,069,670.17 | 637,628,566.85 |
| Taxes payable | | 240,324,484.66 | 234,513,314.48 |
| Other payables | | 245,213,867.89 | 252,984,786.55 |
| Including: Interests payable | | — | — |
| Dividends payable | | 4,507,841.80 | — |
| Handling fees and commission payable | | — | — |
| Reinsurance accounts payable | | — | — |
| Liabilities held for sale | | — | — |
| Non-current liabilities due within one year | | 2,387,907,421.22 | 2,424,803,710.26 |
| Other current liabilities | | 241,532,674.00 | 265,789,896.78 |
| Total current liabilities | | 25,259,274,831.42 | 23,445,283,832.41 |

CONSOLIDATED BALANCE SHEET (*Continued*)

| Items | Notes | 30 June 2024 | 31 December 2023 |
|---------------------------------------|-------|--------------------------|-------------------|
| Non-current liabilities: | | | |
| Provision for insurance contracts | | — | — |
| Long-term borrowings | 7 | 19,847,803,033.12 | 19,815,564,218.10 |
| Bonds payable | | — | — |
| Including: Preference shares | | — | — |
| Perpetual bonds | | — | — |
| Lease liabilities | | 328,483,884.28 | 276,492,947.06 |
| Long-term payables | | — | — |
| Long-term staff remuneration payables | | — | — |
| Accrued liabilities | | 197,169,037.67 | 215,862,873.09 |
| Deferred income | | 535,416,813.76 | 495,472,033.59 |
| Deferred income tax liabilities | | 419,036,142.78 | 448,919,894.45 |
| Other non-current liabilities | | — | — |
| | | <hr/> | <hr/> |
| Total non-current liabilities | | 21,327,908,911.61 | 21,252,311,966.29 |
| | | <hr/> | <hr/> |
| Total liabilities | | 46,587,183,743.03 | 44,697,595,798.70 |
| | | <hr/> <hr/> | <hr/> <hr/> |

CONSOLIDATED BALANCE SHEET (*Continued*)

| Items | Notes | 30 June 2024 | 31 December 2023 |
|--|-------|---------------------------------|---------------------------------|
| Shareholders' equity: | | | |
| Share capital | | 1,430,000,000.00 | 1,430,000,000.00 |
| Other equity instruments | | — | — |
| Including: Preference shares | | — | — |
| Perpetual bonds | | — | — |
| Capital reserve | | 9,452,260,501.95 | 9,436,990,755.09 |
| Less: Treasury shares | | — | — |
| Other comprehensive income | | -3,657,008.41 | -4,045,436.00 |
| Special reserve | | 56,941,460.95 | 21,664,476.17 |
| Surplus reserve | | 981,955,892.67 | 981,955,892.67 |
| General risk reserve | | — | — |
| Undistributed profit | | 23,659,453,570.16 | 24,546,471,052.21 |
| Total equity attributable to the shareholders of the parent company | | <u>35,576,954,417.32</u> | <u>36,413,036,740.14</u> |
| Non-controlling interest | | 4,986,323,893.05 | 4,818,824,226.66 |
| Total shareholders' equity | | <u>40,563,278,310.37</u> | <u>41,231,860,966.80</u> |
| Total liabilities and shareholders' equity | | <u>87,150,462,053.40</u> | <u>85,929,456,765.50</u> |

CONSOLIDATED INCOME STATEMENT

| Items | Notes | From January to June 2024 | From January to June 2023 |
|--|-------|------------------------------|------------------------------|
| I. Total operating revenue | | 11,743,103,757.41 | 17,586,899,623.68 |
| Including: Operating revenue | 10 | 11,743,103,757.41 | 17,586,899,623.68 |
| Interest income | | — | — |
| Premium earned | | — | — |
| Handling fees and commission income | | — | — |
| | | <hr/> | <hr/> |
| II. Total operating cost | | 11,731,701,928.41 | 10,633,302,556.29 |
| Including: Operating cost | 10 | 10,450,027,917.63 | 9,480,052,553.27 |
| 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 | | 85,047,487.42 | 130,110,077.04 |
| Selling expenses | | 282,978,929.71 | 239,210,367.38 |
| Administrative expenses | | 452,042,055.77 | 369,901,630.90 |
| R&D expenses | | 181,165,461.90 | 93,699,330.69 |
| Financial expenses | | 280,440,075.98 | 320,328,597.01 |
| Including: Interest expenses | | 359,010,352.37 | 365,322,521.66 |
| Interest income | | 95,038,817.76 | 47,914,001.02 |
| Add: Other revenue | | 75,460,002.51 | 169,706,799.94 |
| Investment income (loss is represented by “-”) | | -7,561,736.63 | 16,410,753.21 |
| Including: Investment income from associates and joint ventures | | 10,264,927.39 | 51,096,188.69 |
| Gains from derecognition of financial assets measured at amortized cost | | — | — |
| Gains from foreign exchange (loss is represented by “-”) | | — | — |
| Gains from net exposure to hedging (loss is represented by “-”) | | — | — |

CONSOLIDATED INCOME STATEMENT *(Continued)*

| Items | <i>Notes</i> | From January to June 2024 | From January to June 2023 |
|---|--------------|-------------------------------|--------------------------------|
| Gain on changes in fair value (loss is represented by “-”) | | 638,258.56 | -29,129,758.87 |
| Impairment loss of credit (loss is represented by “-”) | | -48,744,982.84 | -63,171,613.00 |
| Impairment loss of assets (loss is represented by “-”) | | -984,315,499.18 | -608,925,499.60 |
| Gains from disposal of assets (loss is represented by “-”) | | <u>-516,322.72</u> | <u>-3,359,542.17</u> |
| III. Operating profit (loss is represented by “-”) | | -953,638,451.30 | 6,435,128,206.90 |
| Add: Non-operating revenue | | 14,538,403.87 | 20,624,185.07 |
| Less: Non-operating expenses | | <u>2,112,112.32</u> | <u>13,499,514.82</u> |
| IV. Total profit (total loss is represented by “-”) | | -941,212,159.75 | 6,442,252,877.15 |
| Less: Income tax expense | <i>11</i> | <u>-93,396,708.43</u> | <u>1,045,890,496.15</u> |
| V. Net profit (net loss is represented by “-”) | | <u>-847,815,451.32</u> | <u>5,396,362,381.00</u> |
| (I) Classified by continuity of operations | | | |
| 1. Net profit from continuing operations (net loss is represented by “-”) | | -847,815,451.32 | 5,396,362,381.00 |
| 2. Net profit from discontinued operation (net loss is represented by “-”) | | <u>—</u> | <u>—</u> |
| (II) Classified by ownership | | | |
| 1. Net profit attributable to owners of the parent company (net loss is represented by “-”) | | -887,017,482.05 | 4,758,968,748.08 |
| 2. Profit or loss attributable to non-controlling interests (net loss is represented by “-”) | | <u>39,202,030.73</u> | <u>637,393,632.92</u> |

CONSOLIDATED INCOME STATEMENT *(Continued)*

| Items | <i>Notes</i> | From January to June 2024 | From January to June 2023 |
|---|--------------|------------------------------|------------------------------|
| VI. Net other comprehensive income after tax | | 512,775.69 | -14,923.19 |
| Net other comprehensive income after tax attributable to owners of the parent company | | 388,427.59 | -11,304.89 |
| (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 | | 388,427.59 | -11,304.89 |
| 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 | | 388,427.59 | -11,304.89 |
| 7. Others | | — | — |
| Net other comprehensive income after tax attributable to non-controlling interest | | 124,348.10 | -3,618.30 |

CONSOLIDATED INCOME STATEMENT (*Continued*)

| Items | Notes | From January to June 2024 | From January to June 2023 |
|--|-------|-------------------------------|--------------------------------|
| VII. Total comprehensive income | | <u>-847,302,675.63</u> | <u>5,396,347,457.81</u> |
| Total comprehensive income attributable to shareholders of the parent company | | -886,629,054.46 | 4,758,957,443.19 |
| Total comprehensive income attributable to non-controlling interests | | <u>39,326,378.83</u> | <u>637,390,014.62</u> |
| VIII. Earnings per share: | 12 | | |
| (I) Basic earnings per share (RMB/share) | | <u>-0.6203</u> | <u>3.3280</u> |
| (II) Diluted earnings per share (RMB/share) | | <u>-0.6203</u> | <u>3.3280</u> |

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was established in the PRC on 20 February 2008 as a limited liability company, and was converted into a joint stock company with limited liability on 16 October 2012. On 30 December 2015, the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered address of the Company is No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang Uygur Autonomous Region, the PRC.

The Group is principally engaged in the research and development, production and sale of the high-purity polysilicon, the development, construction and operation of wind power and photovoltaic (“**PV**”) power plants, and production and sale of key equipment such as inverter, flexible direct current transmission converter valve and static VAR generator (“**SVG**”).

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

This consolidated interim financial information is presented in RMB, unless otherwise stated, and is approved for issue by the Board on 29 August 2024.

This consolidated interim financial information has not been audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group have been prepared on a going concern basis in accordance with the actual transactions and events, the CASBE issued by the Ministry of Finance of the People’s Republic of China and accounting policies and accounting estimates applicable to the Group. In addition, certain notes in the financial statements have been prepared in accordance with requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which also comply with the applicable disclosure requirements under the Listing Rules.

2.2 Going concern

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

2.3 Changes in significant accounting policies and accounting estimates

(1) **Changes in significant accounting policies:** Nil.

(2) **Changes in significant accounting estimates:** Nil.

3. SEGMENT INFORMATION

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

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

(1) Segment revenue and results

| Items | Polysilicon | Recognized in current period | | | Inter-segment elimination | Total |
|---|------------------------|--|---|-----------------------|---------------------------|-------------------------|
| | | Construction of wind power and PV power plants | Operation of wind power and PV power plants | Others | | |
| Operating revenue | 5,873,527,792.98 | 4,808,340,637.47 | 1,263,116,823.04 | 2,262,787,424.96 | -2,464,668,921.04 | 11,743,103,757.41 |
| Including: Revenue from external transactions | 5,867,106,376.42 | 3,206,643,920.42 | 1,241,727,601.44 | 1,427,625,859.13 | — | 11,743,103,757.41 |
| Revenue from inter-segment transactions | 6,421,416.56 | 1,601,696,717.05 | 21,389,221.60 | 835,161,565.83 | -2,464,668,921.04 | — |
| Gross profit | <u>-455,970,702.29</u> | <u>620,355,448.68</u> | <u>733,239,330.17</u> | <u>395,451,763.22</u> | <u>—</u> | <u>1,293,075,839.78</u> |

| Items | Polysilicon | Recognized in previous period | | | Inter-segment elimination | Total |
|---|-------------------------|--|---|-----------------------|---------------------------|-------------------------|
| | | Construction of wind power and PV power plants | Operation of wind power and PV power plants | Others | | |
| Operating revenue | 12,641,335,260.19 | 3,670,127,332.11 | 1,138,744,906.02 | 1,686,752,157.37 | -1,550,060,032.01 | 17,586,899,623.68 |
| Including: Revenue from external transactions | 12,618,445,506.80 | 2,734,433,049.65 | 1,138,744,906.02 | 1,095,276,161.21 | — | 17,586,899,623.68 |
| Revenue from inter-segment transactions | 22,889,753.39 | 935,694,282.46 | — | 591,475,996.16 | -1,550,060,032.01 | — |
| Gross profit | <u>6,696,469,738.19</u> | <u>499,267,350.37</u> | <u>707,531,521.03</u> | <u>203,578,460.82</u> | <u>—</u> | <u>8,106,847,070.41</u> |

(2) Segment assets and liabilities

| 30 June 2024 | Polysilicon | Construction of wind power and PV power plants | Operation of wind power and PV power plants | Others | Inter-segment elimination | Total |
|---|--------------------------|--|---|-------------------------|---------------------------|--------------------------|
| Total assets | <u>53,767,605,637.82</u> | <u>27,088,043,446.14</u> | <u>29,499,538,736.29</u> | <u>6,080,036,686.67</u> | <u>-29,284,762,453.52</u> | <u>87,150,462,053.40</u> |
| Long-term equity investments (investments in associates and joint ventures) | — | 353,498,684.65 | — | — | — | 353,498,684.65 |
| Increase in non-current assets (other than long-term equity investments) | <u>-201,394,654.16</u> | <u>-22,443,600.49</u> | <u>1,453,332,904.66</u> | <u>572,977,204.82</u> | <u>-159,436,906.77</u> | <u>1,643,034,948.06</u> |
| Total liabilities | <u>16,869,416,194.75</u> | <u>16,065,049,690.10</u> | <u>20,558,252,926.88</u> | <u>4,146,917,552.29</u> | <u>-11,052,452,620.99</u> | <u>46,587,183,743.03</u> |

| 31 December 2023 | Polysilicon | Construction of wind power and PV power plants | Operation of wind power and PV power plants | Others | Inter-segment elimination | Total |
|---|--------------------------|--|---|-------------------------|------------------------------|--------------------------|
| Total assets | <u>55,863,141,234.62</u> | <u>23,368,711,462.51</u> | <u>27,690,501,026.86</u> | <u>6,125,186,161.75</u> | <u>-27,118,083,120.24</u> | <u>85,929,456,765.50</u> |
| Long-term equity investments (investments in associates and joint ventures) | — | 420,038,496.06 | — | — | — | 420,038,496.06 |
| Increase in non-current assets (other than long-term equity investments) | <u>96,833,503.14</u> | <u>164,034,640.38</u> | <u>1,127,243,802.63</u> | <u>288,124,628.81</u> | <u>714,778,654.91</u> | <u>2,391,015,229.87</u> |
| Total liabilities | <u>18,789,040,776.56</u> | <u>12,178,093,931.19</u> | <u>20,561,051,615.29</u> | <u>4,350,197,656.35</u> | <u>-11,180,788,180.69</u> | <u>44,697,595,798.70</u> |

4. NOTES RECEIVABLE

(1) Notes receivable by category

| Items | Closing balance | Opening balance |
|------------------------|--------------------------------|------------------------------|
| Bank acceptance notes | 1,360,250,024.62 | 588,658,993.81 |
| Trade acceptance notes | <u>24,653,538.53</u> | <u>30,449,314.27</u> |
| Total | <u>1,384,903,563.15</u> | <u>619,108,308.08</u> |

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

| Items | Pledged amount at the end of the period |
|-----------------------|---|
| Bank acceptance notes | <u>688,018,046.63</u> |
| Total | <u>688,018,046.63</u> |

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

| Items | Amount derecognized at the end of the period | Amount not derecognized at the end of the period |
|------------------------|--|--|
| Bank acceptance notes | — | 253,407,510.41 |
| Trade acceptance notes | — | 780,000.00 |
| Total | — | 254,187,510.41 |

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

Nil.

(5) Method of provision for bad debts by category

| Category | Book balance | | Closing balance Provision for bad debts | | |
|---|-------------------------|----------------|--|-----------------------------|-------------------------|
| | Amount | Percentage (%) | Amount | Provision percentage (%) | Carrying amount |
| Bad debt provision made on individual basis | — | — | — | — | — |
| Bad debt provision made on a collective basis | 1,398,892,488.04 | 100.00 | 13,988,924.89 | 1.00 | 1,384,903,563.15 |
| Including: Bank acceptance notes | 1,373,989,923.87 | 98.22 | 13,739,899.25 | 1.00 | 1,360,250,024.62 |
| Trade acceptance notes | 24,902,564.17 | 1.78 | 249,025.64 | 1.00 | 24,653,538.53 |
| Total | 1,398,892,488.04 | 100.00 | 13,988,924.89 | — | 1,384,903,563.15 |

| Category | Book balance | | Opening balance Provision for bad debts | | |
|---|-----------------------|----------------|--|-----------------------------|-----------------------|
| | Amount | Percentage (%) | Amount | Provision percentage (%) | Carrying amount |
| Bad debt provision made on individual basis | — | — | — | — | — |
| Bad debt provision made on a collective basis | 625,361,927.36 | 100.00 | 6,253,619.28 | 1.00 | 619,108,308.08 |
| Including: Bank acceptance notes | 594,605,044.26 | 95.08 | 5,946,050.45 | 1.00 | 588,658,993.81 |
| Trade acceptance notes | 30,756,883.10 | 4.92 | 307,568.83 | 1.00 | 30,449,314.27 |
| Total | 625,361,927.36 | 100.00 | 6,253,619.28 | — | 619,108,308.08 |

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

| Category | Opening balance | Changes of the current period | | | Closing balance |
|------------------------|----------------------------|-------------------------------|-----------------------|------------------------------|-----------------------------|
| | | Accrued | Recovered or reversed | Carry-forward or written off | |
| Bank acceptance notes | 5,946,050.45 | 7,793,848.80 | — | — | 13,739,899.25 |
| Trade acceptance notes | 307,568.83 | -58,543.19 | — | — | 249,025.64 |
| Total | <u>6,253,619.28</u> | <u>7,735,305.61</u> | <u>—</u> | <u>—</u> | <u>13,988,924.89</u> |

(7) Notes receivable written off in the current period

Nil.

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

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

5. ACCOUNTS RECEIVABLE

(1) Method of provision for bad debts made on accounts receivable 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 | 92,565,816.17 | 1.57 | 92,565,816.17 | 100.00 | — |
| Bad debt provision made on a collective basis | 5,800,442,101.05 | 98.43 | 544,594,584.87 | 9.39 | 5,255,847,516.18 |
| Including: Portfolio of aging | 2,854,070,796.87 | 48.43 | 375,793,495.36 | 13.17 | 2,478,277,301.51 |
| Portfolio of electricity and subsidies | 2,946,371,304.18 | 50.00 | 168,801,089.51 | 5.73 | 2,777,570,214.67 |
| Total | <u>5,893,007,917.22</u> | <u>100.00</u> | <u>637,160,401.04</u> | <u>—</u> | <u>5,255,847,516.18</u> |

| Category | Book balance | | Opening balance | | Carrying amount |
|---|--------------------------------|----------------------|------------------------------|--------------------------|--------------------------------|
| | Amount | Percentage (%) | Provision for bad debts | | |
| | | | Amount | Provision percentage (%) | |
| Bad debt provision made on individual basis | 92,565,816.17 | 1.68 | 92,565,816.17 | 100.00 | — |
| Bad debt provision made on a collective basis | 5,411,633,005.81 | 98.32 | 510,009,288.80 | 9.42 | 4,901,623,717.01 |
| Including: Portfolio of aging | 2,742,843,289.73 | 49.83 | 360,765,923.32 | 13.15 | 2,382,077,366.41 |
| Portfolio of electricity and subsidies | 2,668,789,716.08 | 48.49 | 149,243,365.48 | 5.59 | 2,519,546,350.60 |
| Total | <u>5,504,198,821.98</u> | <u>100.00</u> | <u>602,575,104.97</u> | <u>—</u> | <u>4,901,623,717.01</u> |

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

| Name | Closing balance | | Provision percentage (%) |
|--|-----------------------------|-----------------------------|--------------------------|
| | Book balance | Provision for bad debts | |
| Reduction or cancellation of electricity price subsidies for some projects | 92,565,816.17 | 92,565,816.17 | 100.00 |
| Total | <u>92,565,816.17</u> | <u>92,565,816.17</u> | <u>100.00</u> |

2) *Bad debt provision made on accounts receivable on aging collective basis*

| Aging | Closing balance | | Provision percentage (%) |
|--------------------------------|--------------------------------|------------------------------|--------------------------|
| | Accounts receivable | Bad debt provision | |
| Within 1 year (inclusive) | 1,461,598,290.70 | 29,221,299.96 | 2.00 |
| 1 year to 2 years (inclusive) | 480,757,408.89 | 24,037,450.93 | 5.00 |
| 2 years to 3 years (inclusive) | 615,286,875.51 | 123,057,328.64 | 20.00 |
| 3 years to 4 years (inclusive) | 136,274,204.46 | 40,882,261.34 | 30.00 |
| 4 years to 5 years (inclusive) | 3,117,725.64 | 1,558,862.82 | 50.00 |
| Over 5 years | 157,036,291.67 | 157,036,291.67 | 100.00 |
| Total | <u>2,854,070,796.87</u> | <u>375,793,495.36</u> | <u>—</u> |

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

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

For the portfolio of electricity and subsidies, upon taking into account the aging situation, the Company discounted the book balance of the portfolio of electricity and subsidies by 10% below the five-year loan prime rate (**LPR**) for the Reporting Period, and calculated the expected credit loss based on the difference between the carrying amount and the discounted amount.

| Item | Closing balance | | |
|--|--------------------------------|------------------------------|--------------------------|
| | Accounts receivable | Bad debt provision | Provision percentage (%) |
| Portfolio of electricity and subsidies | <u><u>2,946,371,304.18</u></u> | <u><u>168,801,089.51</u></u> | <u><u>5.73</u></u> |

| Item | Opening balance | | |
|--|--------------------------------|------------------------------|--------------------------|
| | Accounts receivable | Bad debt provision | Provision percentage (%) |
| Portfolio of electricity and subsidies | <u><u>2,668,789,716.08</u></u> | <u><u>149,243,365.48</u></u> | <u><u>5.59</u></u> |

(2) Accounts receivable by aging

| Aging | Closing balance | Opening balance |
|--------------------------------|--------------------------------|--------------------------------|
| Within 1 year (inclusive) | 2,360,751,711.61 | 2,431,054,956.84 |
| 1 year to 2 years (inclusive) | 1,128,675,822.22 | 1,086,944,284.29 |
| 2 years to 3 years (inclusive) | 1,295,338,421.36 | 1,107,607,442.82 |
| 3 years to 4 years (inclusive) | 554,611,692.72 | 389,891,619.56 |
| 4 years to 5 years (inclusive) | 258,904,459.67 | 264,304,386.27 |
| Over 5 years | 294,725,809.64 | 224,396,132.20 |
| Total | <u>5,893,007,917.22</u> | <u>5,504,198,821.98</u> |

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

(3) Bad debt provision for accounts receivable

| Category | | | Changes of the current period | | Others | Closing balance |
|--|------------------------------|-----------------------------|-------------------------------|------------------------------|-----------------------------|------------------------------|
| | Opening balance | Accrued | Recovered or reversed | Carry-forward or written off | | |
| Bad debt provision made on accounts receivable | <u>602,575,104.97</u> | <u>42,391,617.93</u> | <u>—</u> | <u>100,000.00</u> | <u>-7,706,321.86</u> | <u>637,160,401.04</u> |
| Total | <u>602,575,104.97</u> | <u>42,391,617.93</u> | <u>—</u> | <u>100,000.00</u> | <u>-7,706,321.86</u> | <u>637,160,401.04</u> |

Note: Other changes in bad debt provision of the current period amounted to RMB-7,706,321.86, due to the transfer of certain subsidiaries by TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) (“**Sunoasis**”), a subsidiary of the Company.

6. RECEIVABLES FINANCING

| Items | Closing balance | Opening balance |
|------------------|--------------------------------|--------------------------------|
| Notes receivable | <u>2,818,809,502.84</u> | <u>4,889,382,544.41</u> |
| Total | <u>2,818,809,502.84</u> | <u>4,889,382,544.41</u> |

7. BANK AND OTHER BORROWINGS STRUCTURE AND MATURITY

(1) Borrowings structure

| Borrowing category | Closing balance | Opening balance |
|--------------------------------|---------------------------------|---------------------------------|
| Credit borrowings | 5,414,512,603.34 | 4,903,151,910.94 |
| Secured borrowings | 2,276,480,020.36 | 2,277,152,453.79 |
| Guaranteed borrowings | 515,893,109.68 | 555,900,380.57 |
| Pledged borrowings | 4,425,358,115.83 | 3,102,169,416.50 |
| Secured and pledged borrowings | 9,618,959,947.75 | 11,346,311,022.84 |
| Factoring borrowings | — | 2,550,000.00 |
| Notes discount | 218,393,078.29 | — |
| Total | <u>22,469,596,875.25</u> | <u>22,187,235,184.64</u> |

(2) Maturity profile of the borrowings

| Maturity date | Closing balance | Opening balance |
|---------------------------|---------------------------------|---------------------------------|
| Within 1 year (inclusive) | 2,621,793,842.13 | 2,371,670,966.54 |
| 1 to 2 years (inclusive) | 3,244,023,473.03 | 3,106,130,283.69 |
| 2 to 5 years (inclusive) | 7,199,640,286.43 | 8,002,233,670.80 |
| Over 5 years | 9,404,139,273.66 | 8,707,200,263.61 |
| Total | <u>22,469,596,875.25</u> | <u>22,187,235,184.64</u> |

8. NOTES PAYABLE

| Category | Closing balance | Opening balance |
|------------------------|--------------------------------|--------------------------------|
| Bank acceptance notes | 8,073,946,927.16 | 7,409,105,273.55 |
| Trade acceptance notes | 699,458,012.22 | 41,274,976.46 |
| Total | <u>8,773,404,939.38</u> | <u>7,450,380,250.01</u> |

The total amount of outstanding notes payable as at 30 June 2024 was RMB604,629,621.46, which was due to the fact that the maturity date was a holiday, and was settled in time after the holiday.

9. ACCOUNTS PAYABLE

| Items | Closing balance | Opening balance |
|----------------------------------|--------------------------|-------------------------|
| Total of accounts payable | 10,425,045,865.98 | 9,869,801,942.81 |
| Including: Over 1 year | 4,146,649,316.49 | 3,910,412,510.89 |

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

10. OPERATING REVENUE AND OPERATING COST

| Items | Amount recognized in current period | |
|-----------------|-------------------------------------|---------------------------------|
| | Revenue | Cost |
| Main businesses | 11,457,217,296.38 | 10,226,374,043.67 |
| Other business | 285,886,461.03 | 223,653,873.96 |
| Total | <u>11,743,103,757.41</u> | <u>10,450,027,917.63</u> |

| Items | Amount recognized in previous period | |
|-----------------|--------------------------------------|--------------------------------|
| | Revenue | Cost |
| Main businesses | 17,402,249,179.22 | 9,370,681,074.56 |
| Other business | 184,650,444.46 | 109,371,478.71 |
| Total | <u>17,586,899,623.68</u> | <u>9,480,052,553.27</u> |

11. INCOME TAX EXPENSES

| Items | Amount recognized in current period | Amount recognized in previous period |
|------------------------------|-------------------------------------|--------------------------------------|
| Current income tax expense | 244,612,665.82 | 1,165,564,914.73 |
| Deferred income tax expenses | -338,009,374.25 | -119,674,418.58 |
| Total | <u>-93,396,708.43</u> | <u>1,045,890,496.15</u> |

12. EARNINGS PER SHARE

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to owners of the parent company by the weighted average number of shares in issue during the same period.

| | For the six months ended 30 June | |
|--|----------------------------------|------------------|
| | 2024 | 2023 |
| Net profit attributable to owners of the parent company (net loss is represented by “-”) | -887,017,482.05 | 4,758,968,748.08 |
| Weighted average number of shares issued (shares) | 1,430,000,000 | 1,430,000,000 |
| Basic earnings per share (<i>RMB/share</i>) | <u>-0.6203</u> | <u>3.3280</u> |

(2) Diluted earnings per share

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive shares outstanding during the Reporting Period and the corresponding period of last year.

13. DIVIDEND

On 18 June 2024, the 2023 annual general meeting of the Company considered and approved the profit distribution plan for 2023, and decided not to declare a final dividend for the year ended 31 December 2023.

The Board did not recommend the declaration of any interim dividend for the six months ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF INDUSTRY DEVELOPMENT STATUS

2024 is a pivotal year for China to implement the “14th Five-year Plan” energy plan. The country further promotes the construction of a new energy system, optimizes and reshapes the energy structure and the supply-demand pattern, intensifies its efforts in energy conservation and carbon reduction, and accelerates the development of new quality energy productivity.

In the first half of 2024, under the wave of global energy structural reform, China continued to promote a clean and low-carbon energy supply system, increased the supply of non-fossil power, advanced the planning and building of large-scale wind power and PV power bases and their supporting adjustable power supply. The cumulative installed capacity of wind power and PV power exceeded that of coal power for the first time, achieving remarkable results in green and low-carbon transformation of the power industry. However, as the production capacity of polysilicon, silicon wafers, batteries and modules continued to expand, market competition was further intensified, the price of products in the industrial chain ran at a low level under pressure, and the profitability of enterprises in the PV industry sharply declined, or even suffered losses.

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

- In February 2024, the National Development and Reform Commission of the People’s Republic of China issued the Measures for the Supervision of Full Guaranteed Purchase of Renewable Energy Electricity (《全額保障性收購可再生能源電量監管辦法》), which clearly defines the scope of guaranteed purchase and clearly distinguishes and defines the guaranteed purchase electricity and market transaction electricity within the grid-connected electricity of renewable energy generation projects, refines the division of responsibilities of relevant members of the electricity market, that is, refines the division of responsibilities of power grid enterprises, power dispatching agencies, power trading agencies and other market entities in the full guaranteed purchase of renewable energy electricity from three aspects of guaranteed purchase, market trading and temporary dispatching. It also clarifies the priority of renewable energy in grid access, guaranteed purchase, power dispatching and power trading, the relevant members of the electricity market shall be liable for compensation for the economic losses of renewable energy power generation enterprises caused by the failure to purchase renewable energy electricity in accordance with regulations under specific circumstances.

- In March 2024, the State Council of the People’s Republic of China (the “**State Council**”) issued the Government Work Report of the State Council 2024 (《2024年國務院政府工作報告》), which points out that in 2024, China will vigorously develop a green low-carbon economy, accelerate the green transformation of industrial structure and energy structure, and actively and steadily promote achieving “carbon peaking and carbon neutrality”, further promote the energy revolution, control the consumption of fossil energy, and accelerate the construction of a new energy system, strengthen the construction of large-scale wind power and PV bases and transmission channels, promote the development and utilization of distributed energy, and improve the ability of the power grid to integrate, allocate, and regulate clean energy.
- In March 2024, the National Energy Administration of the PRC (the “**NEA**”) issued the Guiding Opinions on Energy Work in 2024 (《2024年能源工作指導意見》), which clearly states the main objectives of energy work in 2024, that is, to continuously optimize the energy structure, increase the proportion of non-fossil energy in the installed capacity to around 55%, and increase the proportion of wind power and solar power generation to 17% of the total electricity consumption of the society, and increase the proportion of non-fossil energy in total energy consumption to about 18.9%. At the same time, it is required to promote the high-quality development of non-fossil energy, thoroughly implement the dual-carbon target task, consolidate and expand the good development trend of wind power and PV power, steadily promote the construction of large-scale wind power and PV power bases, accelerate the development of decentralized wind power and distributed PV power generation according to local conditions, and organize and implement the “Wind Control Action for Thousands of Villages” (千鄉萬村馭風行動) and “Sunshine Action for Thousands of Households” (千家萬戶沐光行動) in areas where conditions permit.

- In May 2024, the State Council issued the 2024–2025 Energy Conservation and Carbon Reduction Action Plan (《2024–2025年節能降碳行動方案》), which specifies China’s binding energy conservation and carbon reduction targets for 2024 and 2025, and improves the control on total amount and intensity of energy consumption. It is required to increase the development of non-fossil energy, accelerate the construction of large-scale wind power and PV bases mainly in deserts, gobi and barren areas, promote the development and utilization of distributed renewable energy, and by the end of 2025, the proportion of national non-fossil energy power generation should reach approximately 39%. In addition, measures should be taken to improve the renewable energy consumption capacity, accelerate the construction of large-scale wind power and PV base transmission channels, improve inter-provincial and inter-regional power transmission capacity, strengthen the transformation of power distribution networks, and improve the carrying capacity of distributed new energy. Moreover, efforts should be made to promote non-fossil energy consumption, and the regions that lag behind in energy conservation and carbon reduction indicators in the first three years of the “14th Five-Year Plan” must implement non-fossil energy consumption commitments for new projects. The proportion of non-fossil energy consumption in new high-energy-consuming projects in the last two years of the “14th Five-Year Plan” shall not be less than 20%. Local governments are encouraged to increase the proportion requirements based on actual conditions, strengthen the connection between renewable energy green power certificate trading and energy conservation and carbon reduction policies, in a bid to achieve full coverage of green certificate verification and issuance by the end of 2024.
- In May 2024, the NEA issued the Notice on Doing a Good Job in New Energy Consumption to Guarantee the High-Quality Development of New Energy (《關於做好新能源消納工作保障新能源高質量發展的通知》), which requires accelerating the construction of new energy supporting grid projects, actively promoting the improvement of system regulation capabilities and coordinated development of network sources, giving full play to the role of the power grid resource allocation platform, scientifically optimizing the new energy utilization rate targets, and doing a solid job in the statistical management of new energy consumption data. Furthermore, new energy consumption monitoring, analysis and supervision should be carried out on a regular basis, so as to enhance the consumption capacity of power system for new energy, ensure the large-scale development of new energy while maintaining a reasonable level of utilization, and promote the high-quality development of new energy.

2. Review of Development Status of the Polysilicon Industry

During the Reporting Period, polysilicon production capacity continued to be released, market competition further intensified, and product prices remained low. According to the statistics of the Silicon Industry Branch of China Nonferrous Metals Industry Association (中國有色金屬工業協會硅業分會), the polysilicon production capacity in the PRC reached approximately 1,068,700 tons in the first half of 2024, representing a year-on-year increase of approximately 64%. As the overall polysilicon price was under downward pressure in China, the average price of monocrystalline dense materials decreased from RMB58,100/ton (tax included) at the beginning of January 2024 to RMB34,600/ton (tax included) at the end of June 2024, representing a decrease of more than 40%, which fell below the production costs of all polysilicon production companies, with the entire industry suffering losses.

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

According to the statistics from the NEA and China Electricity Council, the newly installed power generation capacity in China was 153GW in the first half of 2024. As of the end of June 2024, China's full-scale power generation installed capacity was 3,070GW, representing a year-on-year increase of 14.1%, of which the total installed capacity of grid-connected wind power and solar power reached 1,180GW, exceeding the installed capacity of coal power for the first time, thus achieving remarkable results in green and low-carbon transformation of the power industry. The newly installed PV power generation capacity in China was 102.48GW in the first half of 2024, representing a year-on-year increase of approximately 31%. As of the end of June 2024, China's accumulative installed PV power generation capacity reached 713.50GW. The newly installed wind power capacity in China was 25.84GW in the first half of 2024, representing a year-on-year increase of approximately 12%. As of the end of June 2024, the accumulative installed wind power capacity in China reached 466.71GW.

II. PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

Facing the complex and ever-changing market environment, the Group took various measures to promote the quality and reduce the cost of polysilicon production, and vigorously advanced the development, construction and operation of wind and PV resources as well as the key equipment manufacturing business, so as to enhance its operational resilience during difficult period of the industry. During the Reporting Period, due to the significant decrease in the market price of polysilicon products, the Group achieved revenue from operations of RMB11,743.10 million, net loss of RMB847.82 million and the net loss attributable to shareholders of the listed company of RMB887.02 million, all representing significant decreases in operating results as compared to the corresponding period of last year.

1. Polysilicon Production

In the first half of 2024, the Group's polysilicon production capacity was fully released, achieving polysilicon production capacity of 146,500 tons and polysilicon sales of 136,800 tons, representing an increase of 92.55% and 58.86% respectively over the corresponding period of last year. Faced with the severe situation of intensified industry competition and the inverted price and cost of polysilicon, the Group responded quickly to market changes, and continuously optimized process control and strengthened production process control through measures such as refined parameter management and digital intelligence empowerment, promoting the constant reduction of production costs and improvement of product quality. During the Reporting Period, the Group achieved polysilicon production cost of approximately RMB48,000/ton, representing a decrease of approximately 30% over the corresponding period of last year.

During the Reporting Period, in spite of the continuous decline in the polysilicon production cost of the Group, due to the impact of changes in supply and demand in the polysilicon market, the average sales price of polysilicon was RMB42,300/ton (tax excluded), representing a decrease of more than 70% over the corresponding period of last year, which was lower than the production cost. The polysilicon segment recorded revenue of RMB5,867.11 million and gross profit of RMB-455.97 million, both representing significant decreases over the corresponding period of last year.

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

In the first half of 2024, the Group kept close abreast with the national policies, intensified its efforts to acquire wind and PV resources, focused on market expansion in key regions such as Jiangsu, Gansu, Xinjiang and Heilongjiang, and adhered to centralized, distributed and decentralized power plant development models in parallel. During the Reporting Period, the Group acquired approximately 2.2GW of new PV and wind power project development indicators, and the completed total installed capacity of PV and wind power construction projects of the Group which had been recognized as revenue amounted to 1.35GW. The construction of wind power and PV power plants segment recorded revenue of RMB3,206.64 million, representing an increase of 17.27% over the corresponding period of last year, and achieved gross profit of RMB620.36 million, representing an increase of 24.25% over the corresponding period of last year.

In the first half of 2024, the Group continued to promote the construction of new energy operated power plants, constantly reduced operation and maintenance costs through digital transformation and changes in operation and maintenance models, and took measures such as green power trading, cross-provincial transmission and green certificate trading to effectively increase the average price of power trading per kilowatt hour and settlement volume, thereby increasing revenue and creating benefits for the operation of power plants. During the Reporting Period, the operation of wind power and PV power plants segment recorded revenue of RMB1,241.73 million, representing an increase of 9.04% over the corresponding period of last year, and achieved gross profit of RMB733.24 million, representing an increase of 3.63% over the corresponding period of last year. As of the end of June 2024, the Group had an approximately 3.33GW of operated power plants projects which have achieved grid-connected power generation.

Meanwhile, by seizing the opportunity of the continued positive development of the new energy industry, the Group vigorously developed manufacturing business of key equipment such as inverters, SVGs, flexible direct current transmission converter valves, accelerated the research and development and industrialization of new products and technologies, continued to optimize the digitalization level of production lines, and strengthened the lead management of key customers. During the Reporting Period, the bidding amount of centralized procurement for the Group's inverter products in the domestic market and the number of signed contracts in the overseas market increased by more than 200% over the corresponding period of last year. The Group achieved delivery of approximately 7GW inverter products and recorded revenue of approximately RMB880 million, representing an increase of approximately 105% and 100% respectively over the corresponding period of last year.

3. Technology and R&D

In terms of polysilicon production, the Group carried out technology innovation work centering on bottleneck issues such as improvement in product quality, energy conservation and consumption reduction, and guarantee of production stability. It carried out technical research around the quality improvement and cost reduction requirements of enhancing cold hydrogenation conversion rate, continuously reducing unit silicon consumption, optimizing the distillation and purification process, and improving minority carriers lifetime, and further improved production efficiency and stability through the deployment of intelligent control systems and flow field simulation, thereby achieving quality improvement and cost reduction.

In terms of the development, construction and operation of wind power and PV resources, the Group actively provided better products and technical solutions for new energy projects through innovation and empowerment. In terms of product technology innovation, the flexible multi-level direct current (“DC”) link converter developed by the Group has overcome medium-voltage DC grid connection technology and will be applied to medium-voltage DC, PV DC aggregation and offshore wind power transmission, which can significantly increase the new energy generation capacity and conversion efficiency. The development of domestically produced power modules and valve sections has solved the “bottleneck” problem of key components. As recognized by the China Machinery Industrial Association, the performance of these new products has reached the international leading level. In terms of engineering technology innovation, the Group formed the solutions focusing on energy management of industrial parks, realized the application of an integrated platform for PV monitoring, carbon measurement, online management of energy consumption, energy storage planning and virtual power plant in Xi'an Park, with extensive promotion capabilities.

In the first half of 2024, a total of 82 patents submitted by the Group were granted. As at 30 June 2024, the Group had a total of 891 domestic patents, 7 international patents, and participated in the preparation of 123 issued standards, including 6 international standards, 55 national standards and 48 industry standards. During the Reporting Period, the Group successfully obtained the international standard Level 3 certification of the Guidelines for Innovative Intellectual Property Management (ISO 56005) (《創新管理知識產權管理指南(ISO 56005)》), and the Key Technologies and Industrialization of Digital Intelligent Testing and Control of Large-capacity Battery Storage System (《大容量電池儲能系統數智化測試與控制關鍵技術及產業化》) project in which it participated won the second prize of the National Science and Technology Progress Award. The Research, Development and Application of 5G Full Connectivity Innovative Technology for Silicon-based Manufacturing Industry (《面向硅基製造業5G全連接創新技術研發與應用》) project in which it participated in the research and development won the first prize of Xinjiang Uygur Autonomous Region Science and Technology Award. The independently developed TB-eCloud PV intelligent operation and maintenance platform was approved as the 2024 intelligent PV pilot demonstration project of the Ministry of Industry and Information Technology of China.

4. Safety and Environmental Protection Construction

The Group consistently implements the “people and safety-oriented” management policy, pays close attention to the construction of HSSE (health, safety, security and environmental protection) system and standardization, on-site management and safety informatization, and continuously consolidates the safety development guarantee system through a strict monitor, management and assessment mechanism. In the first half of 2024, the Group had no major safety production and environmental protection accidents and incidents.

The Group continued to strengthen its safety team building efforts, and fully implemented the safety production responsibility system for all employees by increasing investment in safety management and improving the staffing and professionalism of the safety, health and environmental team. The Group promoted the gradual improvement of the dual prevention mechanism of hierarchical management and control of safety risks and investigation and management of hidden hazards, focused on the identification of major hazards and the control of critical projects in relation to special equipment and special operations, so as to provide timely warnings and eliminate hidden hazards of safety and environmental protection accidents, and effectively improve the ability to prevent and control accidents. Guaranteed by the construction of safety and technical defense, the Group further promoted the integration of safety system and informatization, carried out the construction of emergency dispatch command center and HSSE informatization, and gradually realized the safety management from human defense to technical and intelligent defense through digital empowerment and lean management and control. By carrying out safety production education and training on a regular basis, the Group increased the safety professional skills of employees, capability of hidden hazards detection and the quality of safety management operation. During the Reporting Period, the Group conducted more than 6,000 safety trainings and emergency drills with nearly 200,000 participants, achieving full coverage of all employees.

5. Talent Team Building

With the rapid development of the new energy industry, the market competition has become increasingly fierce, which has presented new requirements and challenges to the Group's talent team building and industrial talent cultivation. During the Reporting Period, the Group closely focused on the two aspects of strategic development needs and core competitiveness construction, adhered to organizational reform, digital transformation, talent protection, skills inheritance, human efficiency improvement, the optimized talent structure, stimulated organizational vitality, strengthened team capacity, built a high-performance organization, improved operational management capabilities, and fostered innovation momentum. At the same time, the Group continued to improve the talent management mechanism, optimize the performance management system and the construction of staff training platform, strengthen the training of current and reserve talents, strengthen the care of employees, and built a comprehensive talent service and guarantee system for attracting, cultivating, using and retaining talents, so as to help employees realize their self-worth and promote the high-quality development of the Group.

III. OPERATING RESULTS AND ANALYSIS

Financial Review:

Revenue

The Group generates revenue mainly from three business segments, including the research and development, production and sales of the high-purity polysilicon and the development and construction and operation of wind power and PV power plants. For the six months ended 30 June 2024, the revenue of the Group was RMB11,743.10 million, representing a decrease of RMB5,843.80 million or 33.23% from RMB17,586.90 million in the corresponding period of last year, which was mainly attributable to the significant decline in the price of polysilicon during the Reporting Period. The revenue of each business segment is as follows:

For the six months ended 30 June 2024, the revenue of the polysilicon segment was RMB5,867.11 million, representing a decrease of RMB6,751.34 million or 53.50% from RMB12,618.45 million in the corresponding period of last year, which was mainly attributable to the decrease of more than 70% as compared to the corresponding period of last year in the average selling price of polysilicon as a result of the intensified competition in the market during the Reporting Period. Although the Group's polysilicon production capacity was released fully and sales increased by 58.86% as compared to the corresponding period of last year, the increase in sales contributed less to revenue than the impact of lower selling prices.

For the six months ended 30 June 2024, the revenue of the constructions of wind power and PV power plants segment was RMB3,206.64 million, representing an increase of RMB472.21 million or 17.27% from RMB2,734.43 million in the corresponding period of last year, which was mainly due to the Group's increased efforts on market development and the expansion of scale of the construction of wind power and PV power plant business during the Reporting Period.

For the six months ended 30 June 2024, the revenue of the operation of wind power and PV power plants segment was RMB1,241.73 million, representing an increase of RMB102.98 million or 9.04% from RMB1,138.74 million in the corresponding period of last year, mainly due to an increase in the scale of operation projects of the Group's wind power and PV power plants that have generated electricity during the Reporting Period, resulting in a corresponding increase in power generation.

Cost

For the six months ended 30 June 2024, the costs incurred by the Group was RMB10,450.03 million, representing an increase of RMB969.98 million or 10.23% from RMB9,480.05 million in the corresponding period of last year, which was mainly due to the increase in sales of polysilicon of the Group, and the increase in the business scale of the wind energy and PV power station construction, resulting in a corresponding increase in costs during the Reporting Period. The cost incurred by each business segment is as follows:

For the six months ended 30 June 2024, the costs incurred by the polysilicon segment was RMB6,323.08 million, representing an increase of RMB401.10 million or 6.77% from RMB5,921.98 million in the corresponding period of last year, which was mainly due to the release of the Group's polysilicon production capacity and the increase in sales of polysilicon of 58.86% as compared to the corresponding period of last year, and the reduction in the extent of cost increase as a result of the decline in the price of raw materials such as silicon powder and the decrease in production cost of approximately 30% as compared to the corresponding period of last year through process optimization and management improvement of the Group during the Reporting Period.

For the six months ended 30 June 2024, the cost incurred by the construction of wind power and PV power plants segment was RMB2,586.29 million, representing an increase of RMB351.12 million or 15.71% from RMB2,235.17 million in the corresponding period of last year, which was mainly due to the expansion of scale of the construction of wind power and PV power plants business of the Group, and thus an increase in cost during the Reporting Period.

For the six months ended 30 June 2024, the cost incurred by the operation of wind power and PV power plants segment was RMB508.49 million, representing an increase of RMB77.27 million or 17.92% from RMB431.21 million in the corresponding period of last year, which was mainly due to the increase in the scale of wind power and PV power plants operation projects of the Group which have generated electricity, resulting in a corresponding increase in cost during the Reporting Period.

Gross profit and gross profit margin

For the six months ended 30 June 2024, the gross profit of the Group was RMB1,293.08 million, representing a decrease of RMB6,813.77 million or 84.05% from RMB8,106.85 million in the corresponding period of last year. The comprehensive gross profit margin was 11.01%, representing a decrease of 35.08 percentage points over the corresponding period of last year, which was mainly due to a significant decrease in the sales prices of polysilicon during the Reporting Period,

although the Group's polysilicon production costs decreased by approximately 30% as compared to the corresponding period of last year, the reduction in costs contributed less to earnings than the impact of lower selling prices.

Selling expenses

For the six months ended 30 June 2024, the selling expenses of the Group were RMB282.98 million, representing an increase of RMB43.77 million or 18.30% from RMB239.21 million in the corresponding period of last year, which was mainly due to the fact that the Group increased efforts in exploring the market, resulting in an increase in selling expenses during the Reporting Period.

Administrative expenses

For the six months ended 30 June 2024, the administrative expenses of the Group were RMB452.04 million, representing an increase of RMB82.14 million or 22.21% from RMB369.90 million in the corresponding period of last year, which was mainly due to an increase in polysilicon production capacity of the Group as compared to the corresponding period of last year, resulting in corresponding increase in administrative expenses during the Reporting Period.

R&D expenses

For the six months ended 30 June 2024, the R&D expenses incurred by the Group were RMB181.17 million, representing an increase of RMB87.47 million or 93.35% from RMB93.70 million in the corresponding period of last year, which was mainly due to the fact that the Group carried out development of new products, a number of key technology, process, quality, cost improvement projects and scientific research projects, resulting in an increase in R&D investment during the Reporting Period.

Financial expenses

For the six months ended 30 June 2024, the financial expenses of the Group were RMB280.44 million, representing a decrease of RMB39.89 million or 12.45% from RMB320.33 million in the corresponding period of last year.

Income tax expenses

For the six months ended 30 June 2024, the income tax expenses of the Group were RMB-93.40 million, representing a decrease of RMB1,139.29 million from RMB1,045.89 million in the corresponding period of last year, which was mainly due to the significant decrease in the Group's profit as a result of a significant decrease in the sales prices of polysilicon during the Reporting Period.

Net profit (loss) attributable to shareholders of the listed company

For the six months ended 30 June 2024, the net loss attributable to shareholders of the listed company was RMB887.02 million, representing a decrease of RMB5,645.99 million as compared with the net profit attributable to the listed company of RMB4,758.97 million in the corresponding period of last year, which was mainly due to the significant decrease in the Group's profit as a result of a significant decrease in the sales prices of polysilicon during the Reporting Period.

Profit or loss attributable to non-controlling interests

For the six months ended 30 June 2024, the profit attributable to non-controlling interests incurred by the Group were RMB39.20 million, representing a decrease of RMB598.19 million or 93.85% from RMB637.39 million in the corresponding period of last year, which was mainly due to the significant decline in the sales price of polysilicon, the decrease in profit of the Company's non-wholly owned subsidiary during the Reporting Period.

Cash flows

Net cash flow generated from operating activities

For the six months ended 30 June 2024, the net cash flow generated from operating activities of the Group was RMB775.16 million, representing a decrease of RMB8,798.34 million or 91.90% from RMB9,573.50 million in the corresponding period of last year, which was mainly due to the significant decline in the sales price of polysilicon of the Group, the significant drop in sales revenue and the corresponding reduction in payment collection during the Reporting Period.

Net cash flow generated from investing activities

For the six months ended 30 June 2024, the net cash outflow from investing activities of the Group was RMB5,831.17 million, representing an increase of RMB2,468.96 million or 73.43% from RMB3,362.21 million in the corresponding period of last year, which was mainly due to the enhanced capital management of the Group and the increase in the scale of the deposit-based financial products during the Reporting Period.

Net cash flow generated from financing activities

For the six months ended 30 June 2024, the net cash flow generated from financing activities of the Group was RMB936.20 million, representing a decrease of RMB103.03 million or 9.91% from RMB1,039.23 million in the corresponding period of last year, which was mainly due to the increase in the expenditure on debt repayment of the Group during the Reporting Period.

Operation fund

| Item | As at 30 June 2024 | As at 31 December 2023 |
|---|-----------------------------------|---------------------------------------|
| Balance of cash and cash equivalents at the end of the period (<i>RMB</i>) | 7,750,008,833.57 | 11,867,232,272.62 |
| Gearing ratio | 33.91% | 21.87% |
| Inventory turnover rate (<i>times</i>) | 2.53 | 4.95 |
| Inventory turnover days (<i>days</i>) | 71.22 | 72.73 |

As at 30 June 2024, the balance of cash and cash equivalents at the end of the period of the Group was RMB7,750.01 million (31 December 2023: RMB11,867.23 million).

The required capital fund of the construction and operation of wind power and PV power plants in which the Group is engaged generally accounts for 20%–30% of the total investment of a project, the rest of which is mainly bank loans that could materially affect the Group's gearing ratio. As at 30 June 2024, the gearing ratio of the Group was 33.91% while that as at 31 December 2023 was 21.87%. Gearing ratio was calculated as its net debt divided by total equity, where net debt is total interest-bearing liabilities less restricted cash and cash and cash equivalents.

The Group's wind power and PV power plants under construction and completed pending for transfer were included in the inventory item, and whether the wind power and PV power plants can be transferred in time is significantly important for the Group's inventory turnover rate and turnover days. The inventory turnover rate and turnover days of the Group were 2.53 times and 71.22 days as at 30 June 2024, respectively, and the inventory turnover rate and turnover days of the Group were 4.95 times and 72.73 days as at 31 December 2023, respectively.

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

Capital expenditure

For the six months ended 30 June 2024, the major capital expenditure of the Group included: a total of RMB2,670.38 million of expenditure for the purchases of fixed assets and intangible assets as well as other long-term assets.

Pledge of assets

As at 30 June 2024, the Group's long-term borrowings with an amount of RMB15,994.56 million were secured or pledged by the Group's assets including fixed assets, construction in progress and receivables, and were guaranteed by TBEA, a controlling shareholder of the Company, and the Company with an amount of RMB515.68 million.

Capital liquidity

As at 30 June 2024, current assets of the Group amounted to RMB31,164.91 million, among which, RMB9,057.10 million was monetary capital; RMB6,551.84 million was inventories and contract assets; RMB9,459.56 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 RMB6,011.29 million was other receivables, prepayments and other current assets, primarily consisting of margin and deposit, prepayments, large-denomination certificates of deposit and term deposits.

As at 30 June 2024, current liabilities of the Group amounted to RMB25,259.27 million, including RMB19,198.45 million of accounts payable and notes payable, primarily consisting of payables for purchase of equipment, laboring, materials, coal fuels necessary for daily operations; RMB2,151.52 million of contract liabilities, primarily consisting of the prepayments for sales of polysilicon; RMB245.21 million of other payables, primarily consisting of deposits payable and deposits, advances payable, etc.; RMB240.32 million of taxes payable, primarily consisting of various taxes to be paid; and RMB248.39 million of short-term borrowings.

As at 30 June 2024, net current assets of the Group amounted to RMB5,905.63 million, representing a decrease of RMB2,169.48 million as compared with the net current assets of RMB8,075.11 million as at 31 December 2023. The current ratio was 123.38% as at 30 June 2024, representing a decrease of 11.06 percentage points as compared with the current ratio of 134.44% as at 31 December 2023. Restricted cash amounted to RMB1,307.09 million, mainly including deposits for bills and issuance of the letter of credit for guarantee.

Credit risk

As at 30 June 2024, the largest credit risk exposure that may incur financial loss to the Group mainly came from the other party's failure to perform its obligations under the contract that leads to a loss of financial assets of the Group. The Group reviews customers' credit line and perform other monitoring procedures to ensure necessary measures are taken to recover overdue debts. In addition, the Group reviews the recovery of each item of receivables at each balance sheet date, to ensure sufficient bad debt provisions are made on unrecoverable items. The Group's credit risk related to liquidity was relatively low as its liquidity was deposited in banks with high credit rating and TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司).

Foreign exchange risk

The Group's foreign exchange exposure is mainly related to US dollars, Euro, Indian Rupee and Philippine Peso, etc. Except that individual subsidiaries of the Group are using US dollars and other foreign currencies for sales, other main business operations of the Group are denominated and settled in RMB. As at 30 June 2024, some of the Group's assets and liabilities have balances in US dollars, Euro, Indian Rupee and Philippine Peso, etc. The foreign exchange exposure of balances in such foreign currencies is minimal, and will not have a material adverse impact on the financial position of the Group. The Group adopts reasonable hedging instruments and products to reduce the risk of exchange rate fluctuations, adheres to the principle of exchange rate hedging, 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.

Interest rate risk

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

Contingent liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities.

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

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

Future plans for material investment or capital asset

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

For details of the Proposed A Share Offering, please refer to relevant information as set out in "VI. Other Information" in this announcement.

Significant investments

The Group had no significant investments during the Reporting Period.

Other significant matter

On 14 June 2024, Xinte Silicon New Materials Co., Ltd.* (新特硅基新材料有限公司) (“**Silicon New Material**”), a wholly-owned subsidiary of the Company, entered into a capital injection agreement with Xinjiang Tianchi Energy Co., Ltd.* (新疆天池能源有限責任公司) (“**Xinjiang Tianchi**”) and Xinjiang Zhunneng Investment Co., Ltd.* (新疆准能投資有限公司) (the “**Target Company**”), being subsidiaries of TBEA, whereby Silicon New Material injected RMB490,000,000 to the Target Company with its self-owned monetary funds at a price of RMB1 for each registered capital RMB1 as the capital to invest in the construction of 2×660MW thermal power project in Wucaiwan, Zhundong, Xinjiang. Upon completion of the capital injection in the Target Company, Silicon New Material holds 49% of the equity interest of the Target Company. It is beneficial to the stability of power supply for the Company’s polysilicon production, can optimize the production cost and enhance the overall competitiveness of the Group’s polysilicon products, and create a new source of profit growth for the Group. For details, please refer to the announcement of the Company dated 14 June 2024.

Events after the balance sheet date

The Company and Sunoasis, a non wholly-owned subsidiary of the Company, entered into capital injection agreements and share transfer agreements with ABC Financial Asset Investment Co., Ltd. (農銀金融資產投資有限公司) (“**ABC Financial**”) and BoCom Financial Asset Investment Co., Ltd. (交銀金融資產投資有限公司) (“**BoCom Financial**”) in December 2018 and March 2019, respectively, agreeing to inject capital of RMB2 billion in total into Sunoasis and upon the occurrence of any one of the Specific Circumstances (as defined under the share transfer agreements), the Company shall be entitled to exercise the option to repurchase the shares held by ABC Financial and BoCom Financial in Sunoasis. On 14 June 2024, due to the Specific Circumstances being triggered, the Company issued a notice to each of ABC Financial and BoCom Financial to repurchase an aggregate of 23.74% of the shares of Sunoasis held by ABC Financial and BoCom Financial and completed the repurchase on 8 July 2024 at the exercise price under the share transfer agreements with a total amount of RMB2,000,252,054.79. The shareholding ratio of Sunoasis held by the Company has been increased from 75.75% to 99.49%. For further details, please refer to the announcements of the Company dated 24 December 2018, 20 March 2019, 14 August 2019 and 14 June 2024 and the circular of the Company dated 20 August 2019.

Save as the above, after 30 June 2024 and up to the date of this announcement, there was no other significant events after the balance sheet date of the Group.

IV. PROSPECTS

Market Prospects

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

In July 2024, the International Renewable Energy Agency (IRENA) released the Statistical Report on Renewable Energy Data 2024, which pointed out that in order to ensure the achievement of the goal set at the 28th United Nations Climate Change Conference, the installed capacity of renewable energy in the world will be tripled by 2030 compared with the end of 2022, and the annual growth rate of global renewable energy installed capacity needs to reach 16.4% in the next seven years.

With the increasing global concern about climate change and the significant reduction in the cost of renewable energy power generation, governments around the world are striving to build flexible energy systems with lower emissions. The broad market prospects will bring good development opportunities for the development of wind power and solar power industry.

Business Plan in the Second Half of 2024

To achieve global carbon neutrality goals, renewable energy represented by wind and solar power will gradually dominate the energy structure, offering vast development potential in the future. However, polysilicon prices currently have fallen below production costs, and high-cost, low-quality enterprises lacking market competitiveness will be phased out, gradually forming a new industry landscape. In the second half of 2024, the Group will continue to strengthen the safety production guarantee system, address shortcomings, enhance internal capabilities, lead through innovation, and stimulate new momentum and advantages for high-quality development.

1. *Safety Production Plan*

The Group insists on “people and safety-oriented” management policy, firmly guarding the bottom line of safety production, adhering to the problem-oriented and bottom-line thinking, and strictly implementing the safety production regulations. Firstly, the Group will adhere to the annual HSSE management approach, continuously advancing the construction of a comprehensive safety management system, enhancing the professional safety management team, emphasizing accountability and safety performance, and fully implementing the all-employee safety production responsibility system. Secondly, the Group will strengthen the construction of intrinsic safety of equipment, formulate professional standards and systems for intrinsic safety of equipment, and promote the whole life cycle health management mode covering equipment design, supervision, inspection, use and maintenance, so as to ensure the safety and control of equipment. Thirdly, the Group will leverage “safety grid management + safety informatization” (安全網格化+安全信息化) to accelerate the construction of intelligent security, promote comprehensive coverage of the smart safety control platform, and achieve full-process visualization and precise analysis of safety management data, further improving safety work efficiency. Fourthly, the Group will continue to focus on the construction of a dual prevention mechanism, conducting in-depth safety hazard investigations and rectifications to ensure major hazard sources are controlled, strictly controlling accident risks, reducing the probability of accidents, and effectively enhancing accident prevention and control capabilities.

2. *Polysilicon Production Plan*

In the face of the market environment where the price of polysilicon is lower than the production cost, the Group will strengthen its confidence, strengthen its management, tap its potential and lay a solid foundation for high-quality development. Firstly, guided by benefits, market and customers, the Group will calculate benefits according to market demand and product prices, and formulate reasonable production plans. Secondly, the Group will focus on tackling bottlenecks affecting product cost, quality and production stability, carry out technical transformation, optimization and refined management and control for the production process of core devices, improve the intelligent management and control of the whole process of polysilicon, break through production restrictions through advanced industrial control, card edge operation and real-time analysis of big data, optimize the production process and ensure the stable operation of equipment. Thirdly, the Group will enhance raw material procurement management by analyzing price trends and timing purchases for core costs such as raw materials and electricity, utilizing futures hedging strategies reasonably, and rigorously overseeing and evaluating supplier quality to improve quality and reduce costs from the source.

3. Plan for Development, Construction, Operation of Wind Power and PV Resources and Manufacturing of Key Equipment

Guided by the market and efficiency, the Group will increase the reserve, development, construction and operation scale of wind power and PV resources, further expand the market share of key equipment such as inverters, and continuously improve the quality of operation. Firstly, in terms of the development of power station resources, the Group will innovate the business cooperation model, seize the wind power and PV development indicators and increase the resource reserve based on the consumption situation by focusing on the development policies, power grid planning, electricity market trading and new energy indicators allocation policies of various provinces in multiple business scenarios such as centralized wind power and PV, decentralized wind power, residential PV and energy storage. Secondly, in terms of power station construction, the Group will strengthen the front-end compliance management, key equipment supervision and key process construction management, build a model project of power station, adhere to the quality control of the whole life cycle of design, construction, operation and maintenance, and improve the quality of project construction. Thirdly, in terms of power station operation, the Group will focus on promoting the construction of intelligent operation and maintenance platform and the reform of operation and maintenance mode, improving the per capita operation and maintenance capacity through intelligent means, continuing to carry out the management of inefficient equipment, optimizing the auxiliary decision-making system of power transactions, continuously improving the management and control ability of power transactions, ensuring the level of comprehensive transaction price, and improving the management efficiency and profitability of operators. Fourthly, in terms of the manufacturing of key equipment such as inverters, the Group will accelerate the implementation of orders for domestic centralized procurement projects, focus on key overseas countries and regional projects, and constantly increase market share. The Group will scientifically formulate procurement strategies, ensure the supply of key materials and domestic substitution, and empower the performance and delivery of high-quality products through digitalization, so as to enhance the competitiveness of products in the market.

4. *Technology Innovation Plan*

The Group will focus on quality improvement, cost reduction and efficiency enhancement, adhere to reform and empowerment, strengthen innovation guidance, promote the layout of new quality productivity, and continuously expand the breadth and depth of scientific and technological innovation, so as to facilitate the high-quality development of the Group. Firstly, in terms of polysilicon products, the Group will continue to promote the transformation of achievements in scientific research and innovation projects, such as optimization of distillation and purification, reduction of energy and material consumption, improvement of cold hydrogenation efficiency and advanced process control, so as to continuously improve product quality and reduce production costs. Secondly, in terms of power station construction, by adhering to the policy and market orientation and focusing on new business development models such as the integration of generation, grid, load and energy storage, green hydrogen/ammonia/alcohol production scenarios, low-carbon transformation, new energy storage and zero-carbon parks, the Group will increase investment in technological innovation and R&D, and accelerate the implementation of application scenarios of technological solutions. Thirdly, in terms of manufacturing and R&D of key equipment such as inverters, according to customer needs and new development formats, the Group will accelerate the R&D, testing and transformation of new product models for industrial and commercial energy storage, distributed inverters, string inverters and battery management system development projects, so as to enhance market competitiveness.

5. *Human Resources Plan*

Based on the market demand and strategic planning, the Group will provide effective talent support for the high-quality development by taking the business shortcomings as the orientation and the improvement of human efficiency as the path. First, we will implement a talent-first strategy by assembling specialized teams, swiftly and accurately recruiting industry-leading talents in key areas such as technological innovation, intelligent manufacturing, and critical production processes to guide orderly business development. Second, benchmarking against top companies and aligning with the Group's actual operations, the Group will restructure job settings and evaluation systems, continuously strengthening talent development and reserve teams, enhancing the matching of talents and posts, and optimizing talent structure to improve per capita efficiency. Third, the Group will continually optimize the employee training system and dual-channel development system, streamline talent cultivation and selection paths, and launch transformation capability enhancement projects, thereby improving job performance and business competencies, promoting joint growth of the Company and its employees.

V. RISK FACTORS AND RISK MANAGEMENT

1. Risks associated with Changes in Policies

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

The Group will continue to closely follow up and analyze the introduction of new policies and their impact, and adopt effective and proactive response strategies based on the actual development to minimize the adverse impact of policy changes on the Group.

2. Risks associated with Price of Polysilicon Falling below Cost

The price of polysilicon products is mainly determined by the market supply and demand. If the polysilicon production capacity continues to expand intensively in the future, or the market supply of polysilicon products does not match the downstream demand for PV installation, the supply-demand relationship will remain unbalanced, and the price of polysilicon products will be lower than the production cost for a period of time, which may adversely affect the operation and profitability of the Group.

The Group will continue to strengthen the management of equipment and process flow, strengthen lean management, increase investment in research and development, continuously improve the quality of polysilicon products, reduce energy and material consumption and production costs, as well as further improve the competitiveness and profitability of the Group.

3. Risks associated with Technology and New Product Substitution

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

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

4. Risks associated with Intensified Market Competition

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

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

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

In recent years, while grid connection and consumption of the PV and wind power has been improved to some extent, the problem of wind and PV power curtailment still existed in certain regions due to limited new energy generation consumption, and the regulation capacity of grid system needs to be improved. The above factors may pose a certain impact on the power generation efficiency and effectiveness of the new energy power plants, which may further affect the Group's operating results.

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

6. Internationalization Risk

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

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

VI. OTHER INFORMATION

Employees

As at 30 June 2024, the Group had a total of 8,423 employees. Remuneration paid to the Group's employees is comprised of basic salary of the respective position and performance-based salary, with the performance-based salary determined based on the performance of the Group and performance assessment results of the employees.

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

During the Reporting Period, the Group paid employees remuneration of RMB1,149.36 million in aggregate.

Proposed A Share Offering

On 5 May 2022, the proposed initial public offering of no more than 300,000,000 A shares and listing on the main board of the Shanghai Stock Exchange (“SSE”) (the “**Proposed A Share Offering**”) by the Company and related matters were considered and approved at the general meeting of the Company. The proceeds of the Proposed A Share Offering of RMB8.8 billion is intended to be used for the construction of the 200,000-ton high-end electronic-grade polysilicon green low-carbon circular economy construction project in Zhundong (“**200,000-ton Polysilicon Project in Zhundong**”). The relevant application materials of the Proposed A Share Offering were accepted by the SSE on 4 March 2023, and were reviewed and approved by the listing review committee of the SSE on 19 September 2023. As at the date of this announcement, the relevant regulatory authorities are reviewing the relevant materials of the Company. For details, please refer to the announcements dated 13 January 2021, 15 March 2022, 28 June 2022, 4 July 2022, 18 November 2022, 6 March 2023, 22 March 2023, 19 September 2023, 27 December 2023 and 8 April 2024, and the circulars dated 19 April 2022, 24 April 2023 and 25 April 2024 and the poll results announcements dated 5 May 2022, 10 May 2023 and 17 May 2024 of the Company.

Interim Dividend

The Board did not recommend the declaration of an interim dividend for the six months ended 30 June 2024.

Compliance with Corporate Governance Code

As a company listed on the Stock Exchange, the Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. For the six months ended 30 June 2024, the Company has complied with all code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules, and adopted the recommended best practices set out therein, if applicable. Meanwhile, the Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct for all the directors’ and the Company’s supervisors’ (the “**Supervisors**”) dealings in the securities of the Company. Having made specific enquiries, all Directors and Supervisors confirmed that they had strictly complied with the required standards set out in the Model Code during the Reporting Period. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company’s securities, which are on terms no less exact than those in the Model Code. The Company is not aware any breach of the guidelines by its relevant employees during the Reporting Period.

Purchase, Sale or Redemption of Listed Securities

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As at 30 June 2024, the Company did not hold any treasury shares.

Audit Committee

The audit committee of the Company has reviewed and confirmed the interim results of the Group for the six months ended 30 June 2024 and the unaudited consolidated interim financial information for the six months ended 30 June 2024 which was prepared in accordance with the CASBE.

Publication of Interim Results and Interim Report

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.xintenergy.com). The 2024 interim report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

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

Xinjiang, the PRC
29 August 2024

As at the date of this announcement, the Board consists of Mr. Zhang Jianxin, Ms. Kong Ying and Mr. Hu Weijun as executive Directors; Mr. Zhang Xin and Mr. Huang Hanjie as non-executive Directors; and Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny as independent non-executive Directors.

* *For identification purpose only*