新特能源股份有限公司

Xinte Energy Co., Ltd.

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

Stock code : 1799

2018 | Interim Report

Contents

Corporate Profile

DIRECTORS

Executive Directors

Mr. Zhang Jianxin *(Chairman)*
Mr. Yin Bo
Mr. Ma Xuping(1)
Mr. Xia Jinjing(2)

Non-executive Directors

Mr. Zhang Xin
Ms. Guo Junxiang
Mr. Tao Tao(3)

Independent Non-executive Directors

Mr. Qin Haiyan
Mr. Yang Deren
Mr. Wong, Yui Keung Marcellus

SUPERVISORS

Mr. Chen Qijun *(Chairman)*
Ms. Wu Wei(4)
Mr. Han Shu(5)
Mr. Hu Shujun
Mr. Zhang Yueqiang(6)
Mr. Ma Junhua(7)
Mr. Cao Huan

AUDIT COMMITTEE

Mr. Wong, Yui Keung Marcellus *(Chairman)*
Mr. Yang Deren
Mr. Qin Haiyan
Mr. Tao Tao(3)
Ms. Guo Junxiang

NOMINATION COMMITTEE

Mr. Qin Haiyan *(Chairman)*
Mr. Yang Deren
Mr. Yin Bo
Mr. Wong, Yui Keung Marcellus
Mr. Zhang Xin

REMUNERATION AND ASSESSMENT COMMITTEE

Mr. Yang Deren *(Chairman)*
Mr. Qin Haiyan
Mr. Ma Xuping(1)
Mr. Xia Jinjing(2)
Mr. Wong, Yui Keung Marcellus
Mr. Zhang Jianxin

STRATEGY COMMITTEE

Mr. Zhang Jianxin *(Chairman)*
Mr. Yang Deren
Mr. Qin Haiyan
Mr. Ma Xuping(1)
Mr. Yin Bo(8)
Mr. Zhang Xin

JOINT COMPANY SECRETARIES

Ms. Zhang Juan
Ms. Ng Wing Shan

AUTHORIZED REPRESENTATIVES

Mr. Wong, Yui Keung Marcellus
Ms. Ng Wing Shan

(1) As the term of the second session of the Board expired on 2 June 2018, Mr. Ma Xuping retired as an executive Director and member of the Strategy Committee and Remuneration and Assessment Committee of the Company, effective from 15 June 2018.

(2) On 15 June 2018, Mr. Xia Jinjing was appointed as an executive Director and member of the Remuneration and Assessment Committee of the Company.

(3) On 28 June 2018, Mr. Tao Tao resigned as a non-executive Director and member of the Audit Committee of the Company, effective from 28 June 2018.

(4) As the term of the second session of the Supervisory Board expired on 2 June 2018, Ms. Wu Wei retired as a Supervisor of the Company, effective from 15 June 2018.

(5) On 15 June 2018, Mr. Han Shu was appointed as a non-employee representative Supervisor of the Company.

(6) As the term of the second session of the Supervisory Board expired on 2 June 2018, Mr. Zhang Yueqiang retired from his position as an employee representative Supervisor of the Company, effective from 15 June 2018.

(7) On 15 June 2018, Mr. Ma Junhua was appointed as an employee representative Supervisor of the Company.

(8) On 15 June 2018, Mr. Yin Bo was appointed as a member of the Strategy Committee of the Company.

Corporate Profile

AUDITOR
PricewaterhouseCoopers
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISERS
As to PRC law
Xinjiang Tianyang Law Firm
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888 Hong Guang Shan Road
Shuimogou District
Urumqi, Xinjiang, PRC

As to Hong Kong law
King & Wood Mallesons
13/F Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

REGISTERED OFFICE
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Ganquanpu Economic and Technological
Development Zone (Industrial Park)
High-tech Industrial Development Zone
(New Downtown), Urumqi, Xinjiang, PRC

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STOCK CODE
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Definitions

Unless the context otherwise requires, the following terms shall have the following meanings in this interim report:

"Articles of Association" or "Articles"	the articles of association adopted by the Company
"Associates"	has the same meaning as ascribed to it under the Hong Kong Listing Rules
"Audit Committee"	Audit Committee of the Board
"average utilization hours"	the gross generation in a specified period divided by the average installed capacity in such period
"Board" or "Board of Directors"	the board of Directors of the Company
"BOO"	Build-Own-Operate, a contracting model in which the contractor undertakes the construction, operations and maintenance of a project. Unlike the BT structure, the contractor owns the project and does not have to transfer it to another entity
"BT"	Build and Transfer, a contracting model in which the contractor serves as the project investor (by setting up a project company as its subsidiary) and undertakes the financing and development of the project. The BT contractor eventually transfers and sells the equity interest in the project company to a third-party purchaser, thereby recovering the construction, subcontracting and/or financing costs on the project
"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this interim report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "our Company", "Xinte Energy", "we" or "us"	Xinte Energy Co., Ltd. (新特能源股份有限公司), a joint stock company with limited liability incorporated under the laws of the PRC on 16 October 2012 and except where the context indicates otherwise, in respect of the period before our Company becomes the holding company of our present subsidiaries, refers to the present subsidiaries of our Company and the business carried on by such subsidiaries or (as the case may be) their respective predecessors

Definitions

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Connected Person(s)"	has the same meaning as ascribed to it under the Hong Kong Listing Rules
"Controlling Shareholder(s)"	has the same meaning as ascribed to it under the Hong Kong Listing Rules
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary share(s) in the Company's share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"ECC"	Engineering and Construction Contracting, including EPC and BT mode
"EPC"	Engineering-Procurement-Construction, a contracting model in which the contractor undertakes the entire process of designing, procuring, constructing and commissioning the project
"Group"	the Company and its subsidiaries
"GW"	gigawatt, a unit of power. 1GW = 1,000MW
"H Share(s)"	overseas listed foreign share(s) in the share capital of our Company with nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and are subscribed for and traded in HK dollars
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"IAS"	International Accounting Standards and its interpretation
"IFRSs"	International Financial Reporting Standards and its interpretation issued by the International Accounting Standards Committee
"installed capacity"	the intended full-load output of a power generating project (usually denominated in MW); also known as the rated capacity or the (designed) production capacity

Definitions

"kW"	kilowatt, a unit of power. 1kW = 1,000 watts
"kWh"	kilowatt hour, the unit of measurement for calculating the quantity of power production output. 1kWh is the work completed by a kilowatt generator running continuously for one hour at the rated output capacity
"Latest Practicable Date"	7 September 2018, being the latest practicable date prior to the printing of this interim report for ascertaining certain information contained herein
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange
"Macau"	Macau Special Administrative Region of the PRC
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"MW"	megawatt, a unit of power. 1MW = 1,000kW. The capacity of a power project is generally expressed in MW
"MOF"	Ministry of Finance of the PRC
"NDRC"	National Development and Reform Commission of the PRC
"NEA"	National Energy Administration of the PRC
"Nomination Committee"	Nomination Committee of the Board
"OFAC"	the United States Treasury Department's Office of Foreign Assets Control
"on-grid tariff"	the selling price of electricity for which a power generating project can sell the electricity it generated to the power grid companies, usually denominated in RMB/kWh
"PV"	photovoltaic
"Province"	a province or, as the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"R&D"	research and development

Definitions

"Remuneration and Assessment Committee"	Remuneration and Assessment Committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the six-month period ended 30 June 2018
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary(ies)"	has(ve) the meaning as ascribed to it under Hong Kong Listing Rules
"Supervisor(s)"	any one (or all) of the supervisor(s) of the Company
"Supervisory Board"	the Supervisory Board of our Company
"TBEA"	TBEA Co., Ltd. (特變電工股份有限公司), holding 60.30% equity interest in our Company as at the Latest Practicable Date. TBEA is our Controlling Shareholder
"Xinjiang New Energy"	TBEA Xinjiang New Energy Co., Ltd. (特變電工新疆新能源股份有限公司), a principal subsidiary of our Company
"Xinjiang Tebian"	Xinjiang Tebian (Group) Co., Ltd. (新疆特變電工集團有限公司), holding 5.57% equity interest in our Company as at the Latest Practicable Date. Xinjiang Tebian is a Connected Person of our Company as it is a controlled company with more than 30% of its equity interest being held, directly or indirectly, by Mr. Zhang Xin who is a Connected Person of our Company by virtue of his position as our Director

Management Discussion and Analysis

I. REVIEW OF INDUSTRY DEVELOPMENT TRENDS

2018 is a critical year as it is a transitional year for the full implementation of China's "13th Five-Year" Plan (「十三五」規劃). It is a year of transformation from scale expansion to quality improvement, efficiency enhancement and technological improvement. The new energy industry is entering into a new stage of development, where using new energy to achieve grid parity is beginning to become more practical. In the first half of 2018, in order to promote the healthy development of the new energy industry and to guide the market and industry to adjust their development strategies according to the new circumstances, the PRC government has published a series of policies to promote technological improvement, reduce costs of power generation, reduce reliance on subsidies, promote grid parity, and stimulate healthy, orderly and high-quality development of the new energy industry.

1. Review of major policies in relation to China's new energy industry

- On 18 May 2018, the NEA issued the Notice on the Relevant Requirements for the Management of Wind Power Construction in 2018 (《關於2018年度風電建設管理有關要求的通知》), requiring new wind power projects to apply the competitive resource allocation method in the future for the determination of the on-grid tariffs, and actively advancing wind power projects for full nearby consumption. Implementing the competitive resource allocation in wind power projects will further reduce the costs of wind power generation, enhance the integrated capabilities in design, manufacture and installation of wind power, reduce electricity subsidies, and hence promote high-quality development of the wind power generation industry.

- On 31 May 2018, the NDRC, the MOF and the NEA issued the Notice on Relevant Matters in Relation to PV Power Generation in 2018 (《關於2018年光伏發電有關事項的通知》). The first requirement of such document is the reasonable control of the pace of development and the optimization of the construction scale of new PV power generation. During 2018, the arrangement for the construction of ordinary PV power stations should be suspended temporarily and give room for the 10GW distributive PV projects. Secondly, the reduction of the PV power generation subsidies should be expedited through lowering the levels of subsidies, with on-grid benchmark tariffs of newly operating PV stations and distributive projects to be reduced universally by RMB0.05 per kWh. Thirdly, the decisive role of market-oriented resource allocation should be made use of to further strengthen the marketization of project allocation so that all ordinary PV stations have to go through competitive tendering to determine project owners, and to encourage the increase of trading of distributive power generation in the market. The promulgation of such document will speed up the reduction of subsidies, optimise the construction scale of new PV stations, and give full effect of market-oriented resource allocation, so as to allow the early entry of the PV industry to the era of grid parity. In the short run, profit margin of all parts of the new energy industrial chains will be tightened, which will accelerate the reshuffling of the industry, phase out production capacities which are lagging behind, and accelerate industry consolidation. Yet, in the long run, it is beneficial to technological development and cost reduction, which will promote the quality and efficiency of the PV industry in realizing a high-quality and sustainable development.

2. Review of polysilicon industry development trends

According to statistics from the China Nonferrous Metals Industry Association Silicon Industry Branch (中國有色金屬工業協會硅業分會), in the first half of 2018, global polysilicon production was 230,000 tons, representing a year-on-year increase of 8.5%, while consumption was 215,000 tons, representing a year-on-year increase of 2% and a 15,000-ton surplus of global polysilicon supply. In the first half of 2018, polysilicon production in China was 140,000 tons, with net import of 62,000 tons, making up a total supply of 202,000 tons, while polysilicon consumption was 182,000 tons, indicating that polysilicon supply in China was slightly higher than its demand.

In the first half of 2018, the average price of polysilicon in China was RMB127,200/ton, representing a year-on-year increase of 4.7%. Affected by market demand of end-user power stations and the competition of the market share between monocrystalline and polycrystalline silicon wafers in the first half of 2018, the price of polysilicon in China saw a steady downward trend. The highest price point was RMB153,000/ton at the beginning of 2018 and the lowest price point was RMB93,800/ton at the end of June 2018, with the maximum drop of 38.7%.

3. Review of PV generation industry development trends

According to statistics from the NEA, newly installed PV power generation capacity in China was 24.30GW in the first half of 2018, of which 12.06GW were from ordinary PV stations, representing a year-on-year decrease of 30%, and 12.24GW were from distributive power stations, representing a year-on-year increase of 72%. As of the end of June 2018, China's total installed PV power generation reached 154.51GW, 112.61GW of which were from ordinary PV stations, and 41.90GW of which were from distributive PV stations.

As the consumption situation of clean energy continuously improved, PV power generation curtailment and curtailment rate in China were both reduced in the first half of 2018. The PV curtailment was 3.04 billion kWh, representing a year-on-year decrease of approximately 19%, and the PV curtailment rate was 3.6%, representing a year-on-year decrease of 3.2 percentage points. Across the country, there were 22 provinces (regions or cities) with no PV curtailment, and 6 provinces (regions) with the PV curtailment rate below 5%. Only 3 provinces (regions), namely Gansu, Xinjiang and Shaanxi, had a PV curtailment rate of over 5%.

4. Review of wind power generation industry development trends

According to the NEA's statistics, wind power in China continued to maintain a relatively fast-growing trend for the first half of 2018. Newly installed on-grid capacity was 7.94GW, representing a year-on-year increase of 32.1%. The accumulative installed on-grid wind power capacity was approximately 172GW. China's wind generated power was 191.7 billion kWh, representing a year-on-year increase of 28.7%. The average utilisation hours of such power was 1,143 hours, representing a year-on-year increase of 159 hours, while wind power curtailment was 18.2 billion kWh, representing a year-on-year decrease of 21.63%. The wind power curtailment rate was 8.7%, representing a year-on-year decrease of 5 percentage points. The situation of wind power curtailment continued to improve.

II. MAIN BUSINESS OPERATIONS OF THE GROUP

During the Reporting Period, the number of China's newly installed wind power maintained a certain degree of growth, while distributive PV power demonstrated a relatively faster development. The PV forerunner scheme continued to promote grid parity. By closely following the direction of national policies, keeping up the trend in the industry, adjusting its production deployment, as well as deepening reforms and innovation, the Group has achieved relatively good results. During the Reporting Period, the Group realised a revenue of RMB5,384.12 million and profit attributable to owners of the Company of RMB863.38 million, representing a growth of 4.24% and 14.97% respectively over the same period last year.

1. Polysilicon production

During the first half of 2018, the Group further released its polysilicon production capacity, realizing a polysilicon production of 18,900 tons, representing a growth of approximately 20% over the same period last year and the further realization of benefits in correspondence with the growth of production scale. At the same time, the Group strengthened its quality control and technological improvement to further reduce production cost and enhance product quality. Its production cost and product quality are both at an advanced level in the industry. During the Reporting Period, gross profit from the polysilicon production segment of the Group was RMB867.85 million, representing a growth of 4.28% over the same period last year.

In order to capture the market, seize the opportunities brought by the rapid development of the PV industry, reduce costs by leveraging on the benefits in correspondence with the growth of production scale and enhance profitability, the Group commenced construction of an industrial upgrade project involving the production of 36,000 tons/year high-purity polysilicon ("**36,000-ton Polysilicon Project**") in the first half of 2018. The quality of the polysilicon produced by the 36,000-ton Polysilicon Project will all reach electronic grade level 2 and above, and serve the market of materials for quality monocrystalline silicon wafers and polysilicon wafers. At the same time, some products will satisfy the quality requirements for materials used in semi-conductor grade electronic wafers. During the Reporting Period, the Group formulated a rigorous work plan and progressively carried out the construction of the 36,000-ton Polysilicon Project. The 36,000-ton Polysilicon Project is expected to be completed and put into production in the first half of 2019.

2. Development and reserve of China's PV and wind power resources

In the first half of 2018, the Group closely followed the national and regional policies and plans in development of wind and PV resources, with a key focus on the deployment of national level ultra-high voltage power transmission and distribution base market in Xilin Gol League ("**Ximeng**"), Inner Mongolia Autonomous Region ("**Inner Mongolia**"), and regular deployment in conventional markets of wind and PV resources projects, as a result of which the Group obtained a series of wind and PV resources projects in Ximeng of Inner Mongolia, Yuncheng of Shanxi, and Shangqiu of Henan. At the same time, the Group treated the distributive and PV poverty alleviation project markets as differentiated business supplementary segments, and actively explored and deployed new types of businesses such as PV poverty alleviation and distributive wind power projects, shifting development direction from the conventional large-scale ground-mounted wind and PV resources development to a multi-business and diversified business development with wind power as the major driving force.

During the first half of 2018, the total installed capacity of PV and wind power projects of the Group completed under the EPC and BT models of which revenue was recognised was 462.75MW. As of 30 June 2018, the Group had a total of 670MW of BT projects, which included projects under construction and completed projects pending transfer.

In June 2018, the NDRC, the MOF and the NEA jointly issued the Notice on Announcing the Renewable Energy Tariff Subsidies Catalogue (The Seventh Batch) (《關於公佈可再生能源電價附加資金補助目錄(第七批)的通知》), in which a total of 610MW projects, including the Group's BT projects that were completed pending transfer and BOO projects that were completed, were incorporated into the subsidies list of the seventh batch of renewable energy projects, successfully securing higher on-grid tariff and stable financial subsidies in the future.

3. Power plant operation — BOO projects

During the first half of 2018, the Group accelerated the advancement of the 100MW PV forerunner project in Shiguai, Inner Mongolia and the construction of the 50MW wind power project in Chongren, Jiangxi, successfully completed the full on-grid power connection of the 200MW wind power project in Jingxia, Hami, Xinjiang, and started design and tendering works for the 975MW wind power project of the ultra-high voltage transmission lines base in Ximeng, Inner Mongolia. The Group's BOO scale has been expanding steadily, and the Group is strategically transforming from a power plant builder into an operator in order to diversify the Group's revenue channels and further increase profitability.

As of 30 June 2018, the Group had a total of 749.5MW BOO projects completed. In the first half of 2018, BOO projects of the Group generated a cumulative electricity output of 421 million kWh, including 416 million kWh of on-grid electricity, realising a power generation revenue of RMB253.62 million and a gross profit of RMB178.10 million, representing a growth of 60.13% and 66.54% over the same period last year respectively.

4. International market

The Group leverages on the initial layout of the global market, focuses on the countries along the "Belt and Road" routes, keeps an eye on the prominent areas with stable political and economic conditions, sound legal systems, affluent resources and better investment returns, and actively advances the development of new projects in countries such as Argentina, Malaysia and Jordan. With tenders awarded in 2017, the construction of the 186MW PV project in Egypt and 50MW PV project in Pakistan have commenced successfully in the first half of 2018. The Group was actively advancing the implementing for a 49MW PV project in Vietnam, a 50MW PV project in Nigeria, a 50MW wind power project and a new 50MW PV project in Pakistan.

5. **Driving industry development with technological innovation**

With an accelerating pace of new energy grid parity, there have been higher requirements for technological innovation in the market. The Group has reviewed the present situation and promoted product transformation and upgrading by strengthening its technological innovation.

In terms of polysilicon production, the Group, as per its strategic principle of "refining its main business and extending towards high-end industry", has conducted research on more than 50 topics such as quality improvement of electronic grade level 1 polysilicon and recycling of wastes, and has been involved in the industry of new materials which is mainly related to silicon-based materials and advanced ceramics. Taking advantage of its R&D center and focusing on the extended industry of silicon and the bottleneck technical problems of silicon wafer preparation, the Group has carried out its strategic cooperation of "production, study and research" and introduction of high-end talents, with an aim to improve project R&D efficiency, as well as industrial application.

In terms of the development, operation and maintenance of wind and PV resources, the Group has focused on the development of PV grid parity, optimization of wind power engineering design, intelligent micro-grid, and intelligent optimization of E-cloud platform. Technological innovations have been conducted with core focuses on lowest cost per unit of electricity, highest revenue as well as intelligent operation and maintenance, so as to continuously improve the competitiveness of the Group.

In terms of inverter manufacturing, the Group has completed R&D of new products according to the market needs of PV poverty alleviation, small and medium commercial roofs and double-sided component power stations, and launched its SolarPoint series string inverter products and SolarHome series smart inverters for households. The MPPT (Maximum Power Point Tracking) penetration rate of the products reaches 100%. The problem of mismatch loss between the strings has been completely solved, making our products safer and more reliable.

6. Safety comes first with endeavors in environmental protection

In the first half of 2018, the Group has strictly focused on its production and operation indicators, clarified its objectives, strengthened its measures and earnestly carried out its self-examination and self-review of the management system for health, safety, security, and environmental protection ("**HSSE**"), and has constantly refined its establishment of HSSE system standards. To fully utilise its control and management functions, the Group has adopted a combination of pre-incident prevention, process control, and post-incident experience summary sharing to thoroughly implement the establishment of its safety management system, which is behavioral safety based, production process equipment safety focused, and with controlled production management as its core. In response to the new type of network information security, the Group has strengthened its management of internal control procedures. The office software and data were encrypted to prevent data fraud and theft which may result in misappropriation of confidential information.

The Group has achieved a circular economy of polysilicon production. The waste gas in the production process is processed and recycled, and the solid waste is processed into aerated concrete blocks for construction use, greatly reducing the waste discharge in the production process. Our self-equipped power plant has adhered to the control of the source of pollution, strengthened the process control, and introduced energy-saving and environmentally-friendly technologies to achieve efficient use of resources and ultra-low emission of pollutants. The plant has been included in the list of the first batch of ultra-low emission coal-fired units in the Xinjiang Uygur Autonomous Region in 2018. The Group's wind and PV resources development mainly uses solar energy and wind power to generate electricity. This green and environmentally-friendly approach has actively promoted the global popularization and utilisation of green energy which is conducive to reducing greenhouse gas emissions, thereby contributing to global climate change and sustainable human development.

7. People-oriented and strengthened team establishment

In the first half of 2018, the Group has strengthened its introduction of high-quality talents and introduced talents through various channels such as professional tertiary institutions and external recruitment of experienced personnel, while strengthening its professional training in chemical, electrical and engineering management. The Group has been devoted to combine its internal training with the engagement and training through external institutions to strive for the enhancement of the employees' comprehensive professional abilities. At the same time, the Group has strengthened its reform of remuneration and performance system, and has inspected and explored outstanding reserve talents, so as to balance the effect of enhancing our employment efficiency and the improvement in the welfare package of employees. As such, the sharing of interests among enterprise and employees has been achieved, which will in turn contribute to the stability of employees and the long-term sustainable development of the Group.

III. OPERATING RESULTS AND ANALYSIS

Financial Review:

Business Performance Table

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Revenue	**5,384,123**	5,165,270
Cost of sales	**(3,827,578)**	(3,730,583)
Gross profit	**1,556,545**	1,434,687
Other income	**37,679**	22,596
Other losses — net	**(9,954)**	(10,065)
Selling and marketing expenses	**(158,094)**	(148,336)
General and administrative expenses	**(263,184)**	(287,603)
Finance expenses — net	**(160,195)**	(133,286)
Share of profit of investments accounted for using the equity method	**5,638**	3,671
Profit before income tax	**1,008,435**	881,664
Income tax expenses	**(143,662)**	(126,787)
Profit attributable to the owners of the Company	**863,382**	750,983
Profit attributable to the non-controlling interests	**1,391**	3,894

Revenue

The Group generates revenue mainly from three business segments, including polysilicon production, ECC, and BOO. For the six months ended 30 June 2018, the revenue of the Group was RMB5,384.12 million, representing an increase of RMB218.85 million or 4.24% from RMB5,165.27 million in the corresponding period last year, which was mainly due to an increase in polysilicon sales by the Group and an increase in the generated power of BOO projects.

	For the six months ended 30 June	
	2018	2017
Business Segments	**RMB'000**	RMB'000
Polysilicon Production	**2,127,955**	1,813,738
ECC	**2,783,060**	2,729,303
BOO	**253,622**	158,383
Others	**219,486**	463,846
Total Revenue	**5,384,123**	5,165,270

For the six months ended 30 June 2018, the revenue of the polysilicon production segment was RMB2,127.96 million, representing an increase of RMB314.22 million or 17.32% from RMB1,813.74 million in the corresponding period last year, which was mainly due to an increase in polysilicon sales by the Group during the Reporting Period.

For the six months ended 30 June 2018, the revenue of ECC segment was RMB2,783.06 million, representing an increase of RMB53.76 million or 1.97% from RMB2,729.30 million in the corresponding period last year.

For the six months ended 30 June 2018, the revenue of BOO segment was RMB253.62 million, representing an increase of RMB95.24 million or 60.13% from RMB158.38 million in the corresponding period last year, which was mainly due to an increase in the generated power of the Group's BOO projects during the Reporting Period.

Management Discussion and Analysis

Cost of sales

For the six months ended 30 June 2018, the cost of sales incurred by the Group was RMB3,827.58 million, representing an increase of RMB97.00 million or 2.60% from RMB3,730.58 million in the corresponding period last year, which was mainly due to the increase in revenue and the Group's strengthening cost management and control during the Reporting Period.

	For the six months ended 30 June	
	2018	2017
Business Segments	**RMB'000**	RMB'000
Polysilicon Production	**1,260,108**	981,478
ECC	**2,310,537**	2,286,631
BOO	**75,519**	51,438
Others	**181,414**	411,036
Total cost	**3,827,578**	3,730,583

For the six months ended 30 June 2018, the cost of sales incurred by polysilicon production segment was RMB1,260.11 million, representing an increase of RMB278.63 million or 28.39% from RMB981.48 million in the corresponding period last year, which was mainly due to an increase in polysilicon sales during the Reporting Period and the rise of raw material and fuel prices, which in turn increased the cost.

For the six months ended 30 June 2018, the cost of sales incurred by ECC segment was RMB2,310.54 million, representing an increase of RMB23.91 million or 1.05% from RMB2,286.63 million in the corresponding period last year.

For the six months ended 30 June 2018, the cost of sales incurred by BOO segment was RMB75.52 million, representing an increase of RMB24.08 million or 46.82% from RMB51.44 million in the corresponding period last year, mainly due to the increase in the generated power of the Group's BOO projects during the Reporting Period, which in turn increased the cost.

Gross profit and gross profit margin

For the six months ended 30 June 2018, the gross profit of the Group was RMB1,556.55 million, representing an increase of RMB121.86 million or 8.49% from RMB1,434.69 million in the corresponding period last year, mainly due to the increase in polysilicon sales during the Reporting Period and the increase in the generated power of BOO projects. Comprehensive gross margin was 28.91%, representing an increase of 1.13 percentage points over the same period last year. Gross margin of polysilicon segment decreased 5.10 percentage points compared with the corresponding period of last year, mainly due to the increase of costs resulted from the rise of raw material and fuel prices during the Reporting Period.

Other income

For the six months ended 30 June 2018, the other income of the Group was RMB37.68 million, representing an increase of RMB15.08 million or 66.75% from RMB22.60 million in the corresponding period last year. This increase was mainly because of the increment of government grants during the Reporting Period compared with that in the corresponding period last year.

Other losses — net

For the six months ended 30 June 2018, the other net losses of the Group amounted to RMB9.95 million, representing a decrease of RMB0.11 million or 1.10% from RMB10.07 million in the corresponding period last year.

Selling and marketing expenses

For the six months ended 30 June 2018, the selling and marketing expenses of the Group were RMB158.09 million, representing an increase of RMB9.76 million or 6.58% from RMB148.34 million in the corresponding period last year, mainly due to the Group's intensification of market development, which in turn increased the selling and marketing expenses during the Reporting Period.

General and administrative expenses

For the six months ended 30 June 2018, the general and administrative expenses of the Group were RMB263.18 million, representing a decrease of RMB24.42 million or 8.49% from RMB287.60 million in the corresponding period last year, mainly due to the strengthening of the Group's settlement and collection of accounts receivable during the Reporting Period, resulting in a significant decrease in impairment loss in respect of trade receivables.

Finance expenses — net

For the six months ended 30 June 2018, the net finance expenses of the Group was RMB160.20 million, representing an increase of RMB26.91 million or 20.19% from RMB133.29 million in the corresponding period last year, which was mainly due to the Group's expansion of overall borrowings scale and increased interest expenses during the Reporting Period.

Share of profit of investments accounted for using the equity method

For the six months ended 30 June 2018, the share of profit of investments accounted for using the equity method of the Group was RMB5.64 million, representing an increase of RMB1.97 million or 53.58% from RMB3.67 million in the corresponding period last year, which was mainly due to the increase in the profit of its associates during the Reporting Period.

Income tax expense

For the six months ended 30 June 2018, the income tax expense of the Group was RMB143.66 million, representing an increase of RMB16.88 million or 13.31% from RMB126.79 million in the corresponding period last year, which was mainly due to the increase in the Group's profit before income tax for the Reporting Period compared with the same period of last year.

Profit attributable to the owners of the Company

For the six months ended 30 June 2018, profit attributable to the owners of the Company was RMB863.38 million, representing an increase of RMB112.40 million or 14.97% from RMB750.98 million in the corresponding period last year.

Profit attributable to the non-controlling interests

For the six months ended 30 June 2018, profit attributable to the non-controlling interests of the Group was RMB1.39 million, representing a decrease of RMB2.50 million or 64.28% from RMB3.89 million in the corresponding period last year. This decrease was mainly due to a decrease in the realised profit of Xi'an TBEA Electric Power Design Co., Ltd, a subsidiary of the Group, during the Reporting Period.

Cash Flows

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Net cash generated from/(used in) operating activities	**559,558**	(177,606)
Net cash used in investing activities	**(1,385,937)**	(916,454)
Net cash generated from financing activities	**1,793,790**	2,168,544
Net increase in cash and cash equivalents	**967,411**	1,074,484

Net cash generated from/(used in) operating activities

For the six months ended 30 June 2018, the net cash generated from operating activities of the Group was RMB559.56 million, representing an increase of RMB737.16 million from the net cash used in operating activities of RMB177.61 million over the same period last year, which was mainly due to the Group's strengthened management of trade receivables during the Reporting Period which resulted in an increase in collection of receivables.

Net cash used in investing activities

For the six months ended 30 June 2018, the net cash used in investing activities of the Group was RMB1,385.94 million, representing an increase of RMB469.48 million or 51.23% from RMB916.45 million over the same period last year, which was mainly due to the substantial construction capital expenditure for the Group's 36,000-ton Polysilicon Project and BOO projects during the Reporting Period.

Net cash generated from financing activities

For the six months ended 30 June 2018, the net cash generated from financing activities of the Group was RMB1,793.79 million, representing a decrease of RMB374.75 million or 17.28% from RMB2,168.54 million in the same period last year, which was mainly due to an increase in the Group's repayment of borrowings during the Reporting Period compared with that in the same period last year.

Operating Fund

	As of 30 June 2018	As of 31 December 2017
Closing cash and cash equivalents *(RMB'000)*	**3,278,729**	2,316,610
Gearing ratio	**81.18%**	80.62%
Inventory turnover rate (times)	**0.99**	2.16
Inventory turnover days (days)	**181.82**	166.86

As of 30 June 2018, the cash and cash equivalents of the Group were RMB3,278.73 million (31 December 2017: RMB2,316.61 million).

The capital requirements of the Group's BT and BOO businesses generally take up 20%–30% of total project investment, with the rest being mostly bank borrowings or financial leases, which has a relatively large impact on the Group's gearing ratio. As of 30 June 2018, the Group's gearing ratio was 81.18%. As of 31 December 2017, the Group's gearing ratio was 80.62%. Gearing ratio is calculated based on net liabilities divided by total equity, of which net liabilities is calculated based on total interest-bearing liabilities less restricted bank balances and bank cash balances.

The Group's BT projects that were under construction or completed pending transfer were included in the calculation of inventory items. Whether BT projects can be transferred timely has relatively large impact on the Group's inventory turnover rate and turnover days. As of 30 June 2018, the Group's inventory turnover rate and inventory turnover days were 0.99 times and 181.82 days respectively. As of 31 December 2017 the Group's inventory turnover rate and inventory turnover days were 2.16 times and 166.86 days respectively.

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

Capital expenditure

For the six months ended 30 June 2018, the major capital expenditure of the Group included: RMB1,090.35 million for the purchase of property, plant and equipment, RMB7.38 million for the purchase of intangible assets, and RMB1.43 million for the purchase of land use right.

Contingent liabilities

In June 2013, Jiangsu Zhongneng Silicon Technology Development Co., Ltd. (江蘇中能硅業科技發展有限公司) ("**Jiangsu Zhongneng**") filed a claim with the Jiangsu Province People's Court against the Company for certain patent infringement and trade secrets misappropriation, for a total compensation amounting to RMB62 million. In December 2014, after an appeal filed by the Company, the Supreme People's Court of the PRC ruled that the case fell within the jurisdiction of the Xinjiang Province People's Court. As of the latest practicable date, the aforementioned litigation was still under the process of transfer, and therefore no trial had been conducted by Xinjiang Province People's Court yet. After considering the opinion of an independent legal counsel, the Directors were of the opinion that the litigation was still at a preliminary stage and the contingent obligation cannot be measured with sufficient reliability. Accordingly, no provision was made with respect to the aforementioned claim as of 30 June 2018.

Apart from the above, the Group and the Company incur contingent liabilities in respect of claims or other legal proceedings arising in their ordinary course of business from time to time. For the six months ended 30 June 2018, the Directors anticipated that no material liabilities would arise from the contingent liabilities other than those provided for in the consolidated financial statements.

Pledge of assets

As of 30 June 2018, secured short-term bank borrowings with amount of RMB340,650,000 were pledged with the Group's certain property, plant and equipment and land use rights. As of 30 June 2018, secured short-term bank borrowings with amount of RMB1,177,000,000 were pledged with trade receivables. As of 30 June 2018, secured long-term bank borrowings with amount of RMB6,867,070,000 were pledged with the Group's certain property, plant and equipment, land use rights, inventories, and future trade receivables collection right. As of 30 June 2018, secured short-term other borrowings with amount of RMB80,605,000 were pledged with the Group's guarantee deposits amounting to RMB15,000,000. As of 30 June 2018 and 31 December 2017, secured long-term other borrowings with amount of RMB143,000,000 and RMB36,000,000 were guaranteed respectively by the Company and TBEA Xinjiang New Energy Co., Ltd., the Company's subsidiary. As of 30 June 2018, secured long-term other borrowings with amount of RMB198,500,000 were guaranteed by the bank credit.

Major acquisition and disposal of assets

During the Reporting Period, the Group had no major acquisition or disposal of assets.

Major investments

During the Reporting Period, the Group had no major investments other than investment in the construction of an industrial upgrade project involving the production of 36,000 tons/year high-purity Polysilicon Project and the BOO projects.

Foreign exchange risks

Most of the Group's businesses are located in China and are traded in RMB. The Group's assets and liabilities that involve exchange risks and transactions arising from operation are mainly related to US dollar and Hong Kong dollar. The Directors believe that the exposure to the foreign exchange risk is minimal, and the said risk will not have material adverse impact on the financial performance of the Group. The Group currently adopts foreign exchange products of forward settlement and sales to reduce the risk of foreign exchange fluctuations.

Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings. All of the borrowings are obtained with floating interest rates, which expose the Group to cash flow interest rate risk. Yet, part of such risk is offset by cash held with floating interest rates. Therefore, it will have no material adverse impact on the financial performance of the Group.

Capital liquidity

As of 30 June 2018, current assets of the Group amounted to RMB16,274.47 million, among which, RMB3,278.73 million was cash and cash equivalents, RMB3,566.84 million was trade and notes receivable (primarily consisting of receivables from ECC and sales of inverters), and RMB1,486.35 million were other receivables and other current assets (primarily consisting of deductible value-added tax and advances).

As of 30 June 2018, current liabilities of the Group amounted to RMB15,610.02 million, including RMB6,549.27 million of trade and notes payable (primarily consisting of payables for procurement of equipment, labour, raw materials, coal fuels for PV and wind power projects), RMB1,658.95 million of provisions and other payables (primarily consisting of payables for project construction and engineering retention deposits for PV and wind power projects), and RMB5,752.53 million of short-term borrowings.

As of 30 June 2018, net current assets of the Group amounted to RMB664.46 million, representing an increase of RMB171.94 million compared with net current assets of RMB492.51 million as of 31 December 2017. The current ratio was 104.26% as of 30 June 2018, representing an increase of 1.07 percentage points compared with the current ratio of 103.19% as of 31 December 2017. Restricted cash amounted to RMB1,818.27 million, mainly including deposits for notes and letters of credit.

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

Borrowing and notes payable

As of 30 June 2018, the Group's balance of the borrowings and notes payable amounted to RMB16,058.55 million, representing an increase of RMB879.06 million compared with balance of the borrowings and notes payable of RMB15,179.49 million as of 31 December 2017. As of 30 June 2018, the Group's outstanding borrowings and notes included short-term borrowings and notes payable of RMB8,662.13 million (including long-term borrowings of RMB1,161.15 million that were due within one year and notes payable of RMB2,909.60 million) and long-term borrowings of RMB7,396.42 million.

Credit risk

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

Events after the balance sheet date

As of the date of this report, the Group had no significant events after the balance sheet date.

IV. PROSPECTS

- **Market prospects**

  In May 2018, the PRC government announced the "531 PV New Deal" (531光伏新政) and the policy of competitive tariff bidding for wind power, bringing PV and wind power industries into a fast track for grid parity. This is an important step in the marketization of the new energy industry, which is transforming step by step from the pursuit of size and speed to the pursuit of quality and efficiency. This will further speed up consolidation in the industry and phase out production capacities which lag behind, so as to allow truly advanced technologies and quality products to become mainstream in the industry.

  In June 2018, the State Council of the PRC issued the Notice of the Three-Year Action Plan to Win the Blue Sky Defence War (《打贏藍天保衛戰三年行動計劃的通知》), which demanded an acceleration of development of the new energy industry, and indicated that the proportion of non-fossil energy consumption should reach 15% of total energy consumption by 2020. The development strategy of wind power and solar power should be optimised and consumption of renewable energy should be increased, such that the problem of hydro power, wind power and solar power curtailments will be fundamentally solved.

Following the transformation of national energy strategies and the acceleration of energy restructuring, the Chinese new energy industry will continue to maintain a steady growth trend in the future. Facing new situations and changes in the new energy industry, the Group will continue to follow the guidance of the national energy policy, maintain a strong footing in the stable development of domestic operations while setting eyes on the international market, insist on continuous innovation, upgrade efficiency through quality improvement and cost reduction, promote technological improvement, and develop products with core competitiveness, so as to sustain its efforts in becoming a leading global green intelligent energy supplier.

- **Business plan in the second half of 2018**

1. Continue to do well in enhancing efficiency through quality improvement and cost reduction of polysilicon, and scientifically planning maintenance work

After the announcement of the "531 PV New Deal", more stringent requirements have been proposed for all parts of the industrial chain for PV grid parity. High-quality and low-cost polysilicon will become the mainstream in the market, while production capacities which lag behind will be gradually eliminated. The Group will continuously enhance its technological improvement and technological innovation work, strengthen its effort on efficiency upgrading through cost reduction to further reduce the total cost of polysilicon products, and safeguard the improvement in polysilicon quality in order to adapt to changes in market demands and to improve competitiveness of products.

According to the annual work plan and market conditions of 2018, the Group will conduct the annual maintenance for polysilicon production equipment and self-owned power plants in the second half of 2018. The Group will coordinate the overall maintenance work. Following the core maintenance principles of being "rigorous and meticulous, safe and standardised, and fully controllable", the Group will implement standardised and lean management in maintenance work and specify schedules for various works with specific personnel assigned for specific jobs with an aim to meet the standard and obtain approval efficiently and within a short time, ensuring maintenance work to be completed with quality and quantity.

2. Carry out high-quality construction of the 36,000-ton Polysilicon Project

In order to carry out high-quality construction of the 36,000-ton Polysilicon Project, the Group will strictly follow the design plan, technical standard and construction standard to guide the project construction, strengthen the supervision and inspection of the main facilities, take advantage of previous experiences on project construction and production so as to optimise bottleneck areas in advance, and ensure quick achievement of production at full capacity and of long-term steady operation after commencement of operation. After the completion of the Group's 36,000-ton Polysilicon Project, product quality will be further improved and cost will be further reduced, which will in turn help increase the competitiveness of the Group's polysilicon products.

3. **Strengthen the management of safety and environmental protection responsibilities**

The Group will continue to strictly implement safety and environmental protection responsibilities, create a new era of universal monitoring and management, strengthen the production and construction with safety and environmental protection, and strengthen engineering safety management so as to construct a double control mechanism for safety and environmental protection, establish a new mode for accident prevention and control, develop a safety and environmental protection culture, and to lead the new direction on ideas of safety and environmental protection. The Group will continuously strengthen the formation of internal professional teams and will create an evaluation mechanism involving interaction between internal resource of the Group and external professional consulting organisations so as to ensure efficient production and operation.

4. **Adjust resource structure by focusing on ultra-high voltage and grid parity bases**

While using wind resource as the major driving business segment, the Group will closely follow the construction pace of key national constructions such as the ultra-high voltage project and the renewable energy micro-grid project in Ximeng, Inner Mongolia and Zhundong district, Xinjiang, get hold of high-quality wind power resources, pay close attention to national policies on PV grid parity pilot demonstration sites, and quickly occupy resources in areas with high tariffs. Meanwhile, the Group will also put more effort in the development of centralised wind power and distributive wind power projects, continue to focus on PV forerunner and PV poverty alleviation power station projects, make an attempt to explore micro-grid and multi-energy complementation businesses, and diversify its operation to gradually raise the Group's profitability.

5. **Increase effort in international market expansion, focus on areas with high-quality wind power and PV resources**

The Group will take advantage of the market opportunities and financing conditions brought by China's "Belt and Road" strategy to accelerate the development of its internationalization strategy, steadily implementing the constructions of the 50MW PV project in Pakistan and the 186MW PV project in Egypt. Meanwhile, the Group will make plans for production deployment markets in West Asia and South Asia in advance in order to fully cover the hot spots of wind power and PV areas. The Group will also expedite the implementation of tracked projects, and actively promote the development of wind and PV resources in the global market for the achievement of continuous breakthroughs in the international market.

6. **Improve competitiveness in the new energy industry through strengthened technological innovations**

The Group will continue to focus on the operating direction of "efficiency upgrades through increased production, improved quality and speed, and reduced cost", fasten the implementation of technological innovative projects, and, in accordance with the direction of national policies and the needs of corporate development, continuously carry out the research, development and application works for the industry chain's derivative products made from new silicon-based materials (such as silicon nitride and advanced ceramics). In the meantime, the Group will keep up with the policies related to new energy, increase its efforts in R&D of PV products for self-consumption by small industrial and commercial businesses and residents, create more benefits and services for customers, promote the development of standardised and digitalised wind farm platform projects, improve the precision of wind resource assessment and the accuracy of power generation calculation for wind power projects from the start, deal with the project risks in advance, and improve project profitability. The Group will also continuously promote intelligent operation and maintenance as well as network safety construction work by enhancing the level of intelligent maintenance and operation and strengthening network safety, optimise the mode for operational management, and centralize the control and management of power stations, in order to achieve efficiency upgrading through cost reduction.

V. RISK FACTORS AND RISK MANAGEMENT

1. Risks associated with falling price of polysilicon

The Group mainly sells its polysilicon to manufacturers of PV products in China. The price of polysilicon depends fundamentally on supply and demand. A number of factors, including the advancement of polysilicon production technology, the substantial expansion of polysilicon producers, the government's adjustments of policies in relation to PV power generation, fierce market competition and reduction in demand for downstream PV products, may result in oversupply and hence a decline in price of polysilicon, which may in turn affect the revenue and operating results of the Group.

In the second half of 2018 and in 2019, the newly added production capacities of a number of polysilicon manufacturers will be released gradually, further increasing the market supply. In addition, the release of the "531 PV New Deal" facilitates the early entrance of the Chinese PV industry to the era of grid parity and rigorously limits newly installed PV capacity. With the reduced end-user demand which causes the fall of polysilicon price, profit margin will be tightened.

The Group will strengthen technological R&D and reduce costs and improve quality by expanding production and enhancing production quality and efficiency. At the same time, the Group will speed up the construction of the 36,000-ton Polysilicon Project, fully utilise the current advantage of low cost power resources to further achieve the benefits in correspondence with the growth of production scale, and increase the competitiveness of the Group's products in terms of quality and cost, so as to reduce the risks associated with the falling prices of polysilicon.

2. Risks associated with intensified market competition

In the first half of 2018, the Chinese PV and wind power industries were affected by the adjustments in government policies. The new energy industry has entered a development mode of efficiency upgrading through quality improvement and cost reduction. Production capacities with outdated technology and higher costs will gradually be eliminated by the market. The number of polysilicon manufacturers and PV and wind power project contractors has also been gradually reduced. Market competition has been intensified. The above factors may pose certain impact on the market share of the Group.

The Group will actively respond to challenges in the market and make use of its own advantages to provide high quality products at low cost and render professional services to customers. The Group will adjust its business structure and focus on the development of competitive bidding of centralised wind power projects and low-tariff PV power bases so as to further consolidate and enhance its position in the industry.

3. Risks associated with tariff cuts

In May 2018, the PRC government released policies on wind power and PV industries in relation to competitive bidding for grid connection of wind power projects, and tariff cut and grid parity of PV projects respectively, clearly indicating that development pace should be reasonably controlled. In addition, the scale of newly installed wind power and PV power generation should be optimised, the reduction of subsidies on the new energy industry should be sped up, and the level of subsidies should be scaled down. The above factors may have certain impacts on the Group's market share, profit margin and income from the new BOO power stations in future.

The Group will increase its investments in R&D, strengthen its capability in obtaining the wind power and PV resources that can satisfy the conditions for grid parity, and optimise design and construction plans. Through technological improvement, the Group will further reduce the costs of power generation and improve the power generating hours so as to offset part of the risks associated with lowered tariffs.

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

In the first half of 2018, grid connection and consumption problems of PV and wind power had been improved to a certain extent, although the problem of wind and PV power curtailment still existed in certain regions, as problems such as low local consumption capacity, grid stability, control and management had not been fundamentally resolved yet.

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

Corporate Governance

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a listed company on the Stock Exchange, the Company has always been committed to improving our corporate governance, which is considered as an ingredient essential to the creation of value for Shareholders. The Company has established a modern corporate governance structure, which comprises a number of independently-operated and effectively-balanced bodies, including general meetings of Shareholders, the Board, the Supervisory Board and senior management, by referring to the code provisions as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Listing Rules.

For the six months ended 30 June 2018, the Company had fully complied with all the code provisions contained in the CG Code in Appendix 14 of the Listing Rules.

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**") set out in Appendix 10 of the Listing Rules as the code of conduct for all the Directors' and Supervisors' dealings in the Company's securities. Having made specific enquiries with the Directors and Supervisors, all the Directors and Supervisors confirmed that they had strictly complied with the required standards set out in the Model Code during the Reporting Period.

The Board will review the corporate governance and operation of the Company from time to time in order to comply with the relevant requirements of the Listing Rules and protect the interests of the Shareholders.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL INFORMATION

The Directors acknowledge the relevant responsibilities for the preparation of the Company's interim financial information, which are to ensure that the preparation of the Company's interim financial information is in accordance with the relevant regulations and applicable accounting standards, and to ensure that the Company's interim financial information is published in a timely manner.

USE OF PROCEEDS

The Company conducted the initial public offering of its H Shares and had its H Shares listed on the Main Board of the Stock Exchange in December 2015. The proceeds of the H Shares offering were the equivalent of approximately RMB1,192 million. According to the plan of the investment of the proceeds of the Company, as of 30 June 2018, accumulated used proceeds were the equivalent of approximately RMB1,138.71 million, and the unused proceeds were the equivalent of approximately RMB52.96 million.

As of 30 June 2018, the use of proceeds of H Shares of the Company is as follows:

No.	Usage	Allocated Amount RMB million	Used Proceeds RMB million	Unused Proceeds RMB million
1	65% for construction and operation of the BOO projects of the Group	**762.00**	**762.00**	**0.00**
2	10% for replenishment of operating capital	**135.27**	**135.27**	**0.00**
3	20% for repayment of part of long-term bank loans	**235.74**	**235.74**	**0.00**
4	5% for investment in R&D activities and purchasing or upgrading of IT systems	**58.66**	**5.70**	**52.96**
	Total	**1,191.67**	**1,138.71**	**52.96**

DIVERSITY POLICY OF BOARD MEMBERS

The Company believes that a diversified Board is highly beneficial to the performance of the Company, and confirms that it will consider diversity from various aspects when determining the composition of the Board, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on the value and contribution the selected candidates would bring to the Board. All Board nominations will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. The selection of candidates for the Board will be based on a range of diversified categories, including but not limited to age, cultural and educational background, professional experience, skills and knowledge.

The Nomination Committee will disclose the composition of the Board in the Corporate Governance Report contained in the annual report every year and monitor the implementation of such policy. The Nomination Committee will review such policy as appropriate to ensure its effectiveness. The Nomination Committee will also discuss and recommend any necessary revisions in relation to Xinte Energy Co., Ltd.'s diversity policy of Board members to the Board for approval.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to the relevant requirements of the Listing Rules, the Company has appointed a sufficient number of independent non-executive Directors, with appropriate professional qualifications, or accounting or related financial management expertise. The Company has appointed a total of three independent non-executive Directors, namely, Mr. Wong, Yui Keung Marcellus, Mr. Yang Deren and Mr. Qin Haiyan.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules and paragraph C.3 of the CG Code.

The main responsibilities of the Audit Committee are to review the annual internal audit plan of the Company; oversee the financial reporting process and internal control procedures of the Group; oversee the appointment, reappointment and removal of external auditors, and make recommendations to the Board regarding the approval of external auditors' remuneration and terms of appointment; review and oversee the independence and objectiveness of external auditors and effectiveness of audit procedures; formulate and implement policies in relation to non-audit services provided by external auditors; review interim and annual financial statements before submission to the Board; oversee the financial reporting system and internal control procedures of the Company; evaluate the effectiveness of the internal control and risk management structure; ensure the coordination between the internal audit personnel and external auditor and to ensure that the internal audit functions are adequately resourced and the relevant staff have been trained with sufficient qualifications and experience and are provided with regular training programmes or other similar arrangement.

The Audit Committee was consisted of five members. Since Mr. Tao Tao has resigned his duties as a member of the Audit Committee on 28 June 2018, the Audit Committee is currently made up of four Directors, namely, Mr. Wong, Yui Keung Marcellus (independent non-executive Director), Mr. Yang Deren (independent non-executive Director), Mr. Qin Haiyan (independent non-executive Director) and Ms. Guo Junxiang (non-executive Director), and the Company will fill the vacancy in the Audit Committee as soon as possible. Mr. Wong, Yui Keung Marcellus serves as the chairman of the Audit Committee.

The Audit Committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2018, the 2018 interim report and the unaudited condensed consolidated interim financial statement for the six months ended 30 June 2018 prepared in accordance with IAS 34, "Interim Financial Reporting".

Other Information

SHARE CAPITAL

As of 30 June 2018, the share capital structure of the Company is as follows:

Classification of Shares	Number of issued shares as of 30 June 2018	Approximate percentage of total issued shares as of 30 June 2018 (%)
Domestic Shares	**731,529,532**	70%
H Shares	**313,475,630**	30%
Total	**1,045,005,162**	100%

As of 30 June 2018, the total share capital of the Company was 1,045,005,162 Shares, divided into 731,529,532 Domestic Shares with nominal value of RMB1 each and 313,475,630 H Shares with nominal value of RMB1 each.

PUBLIC FLOAT

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

INTERIM DIVIDEND

The Board does not recommend the declaration of interim dividend for the six months ended 30 June 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2018.

INTEREST OF DIRECTORS IN COMPETING BUSINESS

Save as disclosed below, for the six-month period ended 30 June 2018, no other Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

Name of Director	Position in the Company	Other interests
Mr. Zhang Xin	Non-executive Director	Chairman of the board of directors and executive Director of TBEA
Ms. Guo Junxiang	Non-executive Director	Secretary of the board of directors and executive Director of TBEA

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

As of 30 June 2018, so far as is known to the Company, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) (a) which will have to be notified to the Company and the Stock Exchange (including those they are taken or deemed to have under such provisions of the SFO); or (b) which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Name	Nature of interest	The Company/ relevant corporation (including associated corporations)	Number/class of Shares of the Company/relevant corporation (including associated corporations) held	Approximate percentage of shareholding in the total share capital of the Company/ relevant corporation (including associated corporations)(1)	Approximate percentage of shareholding in the relevant class of Shares of the Company(2)	Long position/ short position
Directors						
Mr. Zhang Xin	Interest in a controlled corporation(3)	The Company	58,246,308 Domestic Shares	5.57%	7.96%	Long position
	Beneficial owner	TBEA(4)	406,403 shares	0.01%	N/A	Long position
	Interest in a controlled corporation(5)	TBEA(4)	446,982,637 shares	12.02%	N/A	Long position
Mr. Xia Jinjing	Beneficial owner	TBEA(4)	69,376 shares	0.00%	N/A	Long position
Ms. Guo Junxiang	Beneficial owner	TBEA(4)	346,880 shares	0.01%	N/A	Long position
Supervisors						
Mr. Han Shu	Beneficial owner	TBEA(4)	1,058 shares	0.00%	N/A	Long position
Mr. Hu Shujun	Beneficial owner	TBEA(4)	69,376 shares	0.00%	N/A	Long position
Mr. Ma Junhua	Beneficial owner	TBEA(4)	123,000 shares	0.00%	N/A	Long position

(1) The calculation is based on the total number of 3,718,647,789 shares of TBEA and 1,045,005,162 Shares of the Company in issue as of 30 June 2018.

(2) The calculation is based on the total number of 731,529,532 Domestic Shares of the Company in issue as of 30 June 2018.

(3) Mr. Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian, and as of 30 June 2018, Xinjiang Tebian directly holds 5.57% equity interest of the Company.

(4) TBEA is our Company's Controlling Shareholder and therefore is an "associated corporation" of the Company within the meaning of Part XV of the SFO. As of 30 June 2018, TBEA held 628,926,449 Domestic Shares and TBEA (HONGKONG) CO., LIMITED, a wholly-owned subsidiary of TBEA, held 1,223,200 H Shares, which accounted for approximately 60.30% of the total share capital of the Company.

(5) Mr. Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian, which directly holds 446,982,637 shares of TBEA.

Save as disclosed above, as of 30 June 2018, none of the Directors, Supervisors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As of 30 June 2018, so far as is known to the Directors of the Company after reasonable enquiry, the following persons (other than the Directors, Supervisors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and has been entered in the register required to be kept by the Company according to Section 336 of the SFO:

Name of Shareholders	Nature of interest	Class of Shares held	Number of Shares held	Approximate percentage of shareholdings in the relevant class of Shares of the Company[1]	Approximate percentage of shareholdings in the total share capital of the Company[1]	Long position/ short position
TBEA	Beneficial owner	Domestic Shares	628,926,449	85.97%	60.18%	Long position
Xinjiang Tebian	Beneficial owner	Domestic Shares	58,246,308	7.96%	5.57%	Long position
Mr. Chen Weilin[2]	Interest in a controlled corporation	Domestic Shares	58,246,308	7.96%	5.57%	Long position
L.R. Capital Asia Markets Limited[3]	Beneficial owner	H Shares	47,894,956	15.28%	4.58%	Long position
CM International Capital Limited	Beneficial owner	H Shares	43,859,649	13.99%	4.20%	Long position
Keystone Group Ltd.[4]	Beneficial owner	H Shares	26,420,400	8.43%	2.53%	Long position
Ms. Ouyang Xinxiang[4]	Interest in a controlled corporation	H Shares	26,420,400	8.43%	2.53%	Long position

Other Information

Name of Shareholders	Nature of interest	Class of Shares held	Number of Shares held	Approximate percentage of shareholdings in the relevant class of Shares of the Company[1]	Approximate percentage of shareholdings in the total share capital of the Company[1]	Long position/ short position
LRC. Belt and Road Investment Limited[5]	Beneficial owner	H Shares	26,420,400	8.43%	2.53%	Long position
Strategic Global Investment Corporation Limited[5]	Interest in a controlled corporation	H Shares	26,420,400	8.43%	2.53%	Long position
Explorer Sparkle Limited[6]	Beneficial owner	H Shares	17,618,800	5.62%	1.69%	Long position
Abhaya Limited[6]	Interest in a controlled corporation	H Shares	17,618,800	5.62%	1.69%	Long position
Wickhams Cay Trust Company Limited[6]	Trustee	H Shares	17,618,800	5.62%	1.69%	Long position
Ms. Shi Jing[6]	Settlor	H Shares	17,618,800	5.62%	1.69%	Long position
GF Securities Co., Ltd.[7]	Interest in a controlled corporation	H Shares	29,239,766	9.33%	2.80%	Long position
GF Holdings (Hong Kong) Corporation Limited[7]	Interest in a controlled corporation	H Shares	29,239,766	9.33%	2.80%	Long position
GF Investment (Hong Kong) Company Limited[7]	Interest in a controlled corporation	H Shares	29,239,766	9.33%	2.80%	Long position
GF Energy Investment Limited[7]	Beneficial owner	H Shares	29,239,766	9.33%	2.80%	Long position
Fubon Financial Holding Co., Ltd.[8]	Interest in a controlled corporation	H Shares	17,613,600	5.62%	1.69%	Long position
Fubon Life Insurance Co., Ltd.[8]	Beneficial owner	H Shares	17,613,600	5.62%	1.69%	Long position
Perfect Splendour Limited	Beneficial owner	H Shares	15,943,702	5.09%	1.53%	Long position

Notes:

(1) The calculation is based on the total number of 1,045,005,162 Shares of the Company in issue as of 30 June 2018, in which 313,475,630 are H Shares and 731,529,532 are Domestic Shares.

(2) Mr. Chen Weilin holds 33.61% of the equity interest of Xinjiang Tebian, which directly holds 5.57% interest of the Company. Accordingly, Mr. Chen Weilin is deemed to be interested in the 58,246,308 Domestic Shares held by Xinjiang Tebian for the purpose of the SFO.

(3) According to the Company's current information, as of 30 June 2018, L.R. Capital Asia Markets Limited holds 47,894,956 H Shares of the Company.

(4) Keystone Group Ltd. is 100% owned by Ms. Ouyang Xinxiang. Therefore, Ms. Ouyang Xinxiang is deemed or taken to be interested in all Shares held by Keystone Group Ltd. for the purpose of the SFO.

(5) Chan Mei Ching and Chan Min Chi hold 47% and 51% equity interest in Strategic Global Investment Corporation Limited, respectively. Strategic Global Investment Corporation Limited holds 99% equity interest in LRC. Belt and Road Investment Limited. Therefore, each of Chan Mei Ching, Chan Min Chi and Strategic Global Investment Corporation Limited is deemed or taken to be interested in all Shares held by LRC. Belt and Road Investment Limited for the purpose of the SFO.

(6) Explorer Sparkle Limited is 100% owned by Abhaya Limited. Abhaya Limited is 100% owned by Wickhams Cay Trust Company Limited and Ms. Shi Jing is the settlor of the trust and Wickhams Cay Trust Company Limited is the trustee. Therefore, Ms. Shi Jing, Wickhams Cay Trust Company Limited and Abhaya Limited are deemed or taken to be interested in all Shares held by Explorer Sparkle Limited for the purpose of the SFO.

(7) GF Investment (Hong Kong) Company Limited holds 81% of the equity interest of GF Energy Investment Limited, and GF Investment (Hong Kong) Company Limited is 100% owned by GF Holdings (Hong Kong) Corporation Limited, and GF Holdings (Hong Kong) Corporation Limited is 100% owned by GF Securities Co., Ltd.. Accordingly, GF Securities Co., Ltd., GF Holdings (Hong Kong) Corporation Limited and GF Investment (Hong Kong) Company Limited are deemed to be interested in the 29,239,766 H Shares held by GF Energy Investment Limited for the purpose of the SFO.

(8) Fubon Life Insurance Co., Ltd. is 100% owned by Fubon Financial Holding Co., Ltd.. Therefore, Fubon Financial Holding Co., Ltd. is deemed to be interested in the Shares held by Fubon Life Insurance Co., Ltd. for the purpose of the SFO.

Save as disclosed above, as of 30 June 2018, the Directors are not aware that any other person (other than the Directors, Supervisors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or have to be entered in the register kept by the Company according to Section 336 of the SFO.

EMPLOYEES

As of 30 June 2018, there are a total of 3,303 employees in the Group. Remuneration of 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.

At the same time, 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.

MAJOR LEGAL PROCEEDING

For the six months ended 30 June 2018, the Company was involved in one major legal proceeding, which has been disclosed in the Company's 2017 Annual Report:

Jiangsu Zhongneng Case:

In June 2013, Jiangsu Zhongneng initiated a civil lawsuit against us at the People's Court in Jiangsu for alleged infringement by us of certain intellectual property rights and trade secrets which Jiangsu Zhongneng claimed to own, including STC hydrochlorination technology, high-efficiency and energy saving CVD reactor and silane-based FBR technology. Jiangsu Zhongneng sought compensatory damages of RMB60 million, while demanding that the Company bear reasonable costs of RMB2 million and the legal costs of this case. In December 2014, after our appeals, the Supreme People's Court in China ruled in our favor that the People's Court in Jiangsu lacked jurisdiction and this case should be heard in a court in Xinjiang. In addition, Jiangsu Zhongneng has withdrawn its claim against us in relation to the infringement of intellectual property rights in December 2014.

Given that (i) we have never applied the silane-based FBR technology in our polysilicon production business, and (ii) the STC hydrochlorination technology and high-efficiency and energy saving CVD reactor which we used in our production were both purchased from legitimate third-party suppliers under valid purchase agreements, the Company believes that we did not infringe the intellectual property rights and trade secrets of Jiangsu Zhongneng. As of the Latest Practicable Date, the legal proceeding is still being transferred to a court in Xinjiang and therefore has not been initiated, and Jiangsu Zhongneng has not submitted any substantive evidence for the court to review and judge the case on the merits.

Save as the relevant information disclosed in the 2017 Annual Report of the Company, there are no other developments in this case.

Except the abovementioned proceeding, as of 30 June 2018, the Group was not involved in any major legal proceedings or arbitrations. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Group.

COMPLIANCE WITH OFAC UNDERTAKINGS

During the Listing of the Company, an undertaking has been made to the Stock Exchange by the Company that the Company will not use any proceeds from the global offering to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any sanctioned targets, regardless of the purpose ("**OFAC Undertakings**"). Hence, the Directors of the Company confirmed that the Company had complied with the OFAC Undertakings during the Reporting Period and will continue to comply with the OFAC Undertakings in the ordinary course of business in the future.

CHANGE OF INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

For the six month period ended 30 June 2018, the changes of information of Directors, Supervisors and senior management of the Company are as follows:

(1) As the term of the second session of the Board expired on 2 June 2018, Mr. Ma Xuping will no longer serve as an executive Director and member of the Strategy Committee and Remuneration and Assessment Committee of the Company due to change in job allocation with effect from 15 June 2018.

(2) As the term of the second session of the Supervisory Board expired on 2 June 2018, Ms. Wu Wei and Mr. Zhang Yueqiang will no longer serve as Supervisors of the Company due to changes in job allocation with effect from 15 June 2018.

(3) On 15 June 2018, Mr. Xia Jinjing was appointed as an executive Director of the third session of the Board of the Company. At the same time, Mr. Xia Jinjing was appointed as a member of the Remuneration and Assessment Committee; on the same day, Mr. Yin Bo was appointed as a member of the Strategy Committee of the Company.

(4) On 15 June 2018, Mr. Han Shu was appointed as a non-employee representative Supervisor of the third session of the Supervisory Board of the Company; and Mr. Ma Junhua was appointed as an employee representative Supervisor of the third session of the Supervisory Board of the Company.

(5) Mr. Tao Tao has resigned from his duties as a non-executive Director of the third session of the Board of the Company and member of the Audit Committee with effect from 28 June 2018.

Review Report

pwc

羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF XINTE ENERGY CO., LTD.
(incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 40 to 72, which comprises the interim condensed consolidated balance sheet of Xinte Energy Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as of 30 June 2018 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF XINTE ENERGY CO., LTD. (CONTINUED)
(incorporated in the People's Republic of China with limited liability)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 August 2018

Interim Condensed Consolidated Balance Sheet

30 June 2018

	Note	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	**13,571,572**	13,058,520
Land use rights		**551,144**	557,839
Intangible assets		**49,998**	46,510
Investments accounted for using the equity method		**132,125**	113,593
Financial assets at fair value through profit and loss		**1,000**	—
Available-for-sale financial assets		**—**	1,000
Deferred income tax assets	9	**135,762**	179,663
Other non-current assets		**2,670,756**	1,755,748
Total non-current assets		**17,112,357**	15,712,873
Current assets			
Inventories		**3,837,137**	3,874,701
Contract assets	10	**2,287,150**	—
Amounts due from customers for contract work	10	**—**	2,378,952
Other current assets		**1,072,011**	260,716
Trade and notes receivable	11	**3,566,838**	4,244,084
Other receivables		**414,342**	—
Prepayments and other receivables		**—**	1,376,627
Restricted cash		**1,818,265**	1,500,300
Cash and cash equivalents		**3,278,729**	2,316,610
Total current assets		**16,274,472**	15,951,990
Total assets		**33,386,829**	31,664,863

Interim Condensed Consolidated Balance Sheet

30 June 2018

	Note	**As of 30 June 2018 RMB'000 (Unaudited)**	As of 31 December 2017 RMB'000 (Audited)
EQUITY			
Equity attribute to owners of the Company			
Share capital	12	**1,045,005**	1,045,005
Share premium	12	**5,030,375**	5,030,375
Other reserves		**460,198**	457,310
Retained earnings		**3,329,088**	2,674,707
		9,864,666	9,207,397
Non-controlling interests		**54,406**	53,015
Total equity		**9,919,072**	9,260,412
LIABILITIES			
Non-current liabilities			
Borrowings	13	**7,396,420**	6,487,970
Deferred government grants		**351,235**	378,263
Deferred income tax liabilities	9	**110,086**	78,742
Total non-current liabilities		**7,857,741**	6,944,975
Current liabilities			
Trade and notes payable	14	**6,549,267**	7,276,778
Provisions and other payables		**1,658,949**	2,894,570
Contract liabilities	10	**1,638,985**	—
Amounts due to customers for contract work	10	**—**	489,684
Current income tax liabilities		**4,742**	3,972
Financial liabilities at fair value through profit and loss		**5,541**	—
Borrowings	13	**5,752,532**	4,794,472
Total current liabilities		**15,610,016**	15,459,476
Total liabilities		**23,467,757**	22,404,451
Total equity and liabilities		**33,386,829**	31,664,863

The notes on pages 46 to 72 form an integral part of this interim financial information.

This interim financial information was approved by the Board of Directors on 24 August 2018 and signed on its behalf.

Chairman

Executive Director

Interim Condensed Consolidated Statement of Comprehensive Income

30 June 2018

	Note	Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	7	**5,384,123**	5,165,270
Cost of sales		**(3,827,578)**	(3,730,583)
Gross profit		**1,556,545**	1,434,687
Selling and marketing expenses		**(158,094)**	(148,336)
General and administrative expenses		**(263,184)**	(287,603)
Other income	15	**37,679**	22,596
Other losses — net		**(9,954)**	(10,065)
Operating profit		**1,162,992**	1,011,279
Interest income	16	**13,522**	9,545
Finance expenses	16	**(173,717)**	(142,831)
Finance expenses — net		**(160,195)**	(133,286)
Share of profit of investments accounted for using the equity method		**5,638**	3,671
Profit before income tax		**1,008,435**	881,664
Income tax expense	17	**(143,662)**	(126,787)
Profit for the period		**864,773**	754,877

Interim Condensed Consolidated Statement of Comprehensive Income

30 June 2018

		Six months ended 30 June	
		2018	2017
	Note	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
Owners of the Company		**863,382**	750,983
Non-controlling interests		**1,391**	3,894
		864,773	754,877
Other comprehensive (loss)/income			
Items that may be reclassified to profit and loss			
Currency translation differences		**(5)**	20
Total comprehensive income for the period		**864,768**	754,897
Total comprehensive income for the period attributable to:			
Owners of the Company		**863,377**	751,003
Non-controlling interests		**1,391**	3,894
		864,768	754,897
Earnings per share for profit attributable to owners of the Company			
Basic earnings per share (RMB)	18	**0.83**	0.72
Diluted earnings per share (RMB)	18	**0.83**	0.72

The notes on pages 46 to 72 form an integral part of this interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

30 June 2018

	Attributable to owners of the Company						
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited)							
Balance at 1 January 2018	1,045,005	5,030,375	457,310	2,674,707	9,207,397	53,015	9,260,412
Comprehensive income							
Profit for the period	–	–	–	863,382	863,382	1,391	864,773
Currency translation differences	–	–	(5)	–	(5)	–	(5)
Total comprehensive income	–	–	(5)	863,382	863,377	1,391	864,768
Transactions with owners							
Dividends (Note19)	–	–	–	(209,001)	(209,001)	–	(209,001)
Others	–	–	2,893	–	2,893	–	2,893
Total transactions with owners, recognised directly in equity	–	–	2,893	(209,001)	(206,108)	–	(206,108)
Balance at 30 June 2018	1,045,005	5,030,375	460,198	3,329,088	9,864,666	54,406	9,919,072
(Unaudited)							
Balance at 1 January 2017	1,045,005	5,030,375	353,024	1,831,898	8,260,302	51,442	8,311,744
Comprehensive income							
Profit for the period	–	–	–	750,983	750,983	3,894	754,877
Currency translation differences	–	–	20	–	20	–	20
Total comprehensive income	–	–	20	750,983	751,003	3,894	754,897
Transactions with owners							
Dividends (Note19)	–	–	–	(125,401)	(125,401)	–	(125,401)
Dividends paid to non-controlling interests	–	–	–	–	–	(568)	(568)
Share-based payments:							
— fair value of employee services	–	–	1,054	–	1,054	–	1,054
Total transactions with owners, recognised directly in equity	–	–	1,054	(125,401)	(124,347)	(568)	(124,915)
Balance at 30 June 2017	1,045,005	5,030,375	354,098	2,457,480	8,886,958	54,768	8,941,726

The notes on pages 46 to 72 form an integral part of this interim financial information.

Interim Condensed Consolidated Statement of Cash Flows

30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	**627,489**	(60,409)
Income tax paid	**(67,931)**	(117,197)
Net cash generated from/(used in) operating activities	**559,558**	(177,606)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,090,354)**	(683,445)
Purchase of intangible assets	**(7,384)**	(4,727)
Purchase of land use rights	**(1,429)**	(5,950)
Proceeds from disposal of property, plant and equipment	**6,396**	—
Increase in investments accounted for using the equity method	**(17,701)**	—
Government grants received	**—**	4,680
Changes in restricted cash	**(317,965)**	(227,012)
Net proceeds from disposal of associates	**42,500**	—
Net cash used in investing activities	**(1,385,937)**	(916,454)
Cash flows from financing activities		
Repayments of borrowings	**(3,139,890)**	(2,795,534)
Proceeds from borrowings	**5,203,615**	5,178,416
Interest paid	**(269,935)**	(213,770)
Dividends paid to non-controlling interests	**—**	(568)
Net cash generated from financing activities	**1,793,790**	2,168,544
Net increase in cash and cash equivalents	**967,411**	1,074,484
Cash and cash equivalents at beginning of the period	**2,316,610**	1,897,947
Exchange losses on cash and cash equivalents	**(5,292)**	(3,653)
Cash and cash equivalents at end of the period	**3,278,729**	2,968,778

The notes on pages 46 to 72 form an integral part of this interim financial information.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

30 June 2018

1 General information

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

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

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

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

2 Basis of preparation

This interim financial information for the six months ended 30 June 2018 has been prepared in accordance with International Accounting Standards 34, 'Interim Financial Reporting'. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

3 Accounting policies

The accounting policies applied in this interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those annual financial statements except for the adoption of new and amended standards effective for the financial year ending 31 December 2018.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the financial year beginning on or after 1 January 2018:

- IFRS 9 Financial instruments (1)
- IFRS 15 Revenue from Contracts with Customers (1)

3 Accounting policies (continued)

(a) New and amended standards adopted by the Group (continued)

- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (2)
- Amendments to IFRS 4 Applying IFRS 9 Financial Instrument with IFRS 4 Insurance Contracts (2)
- Annual improvements 2014–2016 cycle (2)
- Amendments to IAS 40 Transfer of Investment Property (2)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (2)

(1) The impact of the adoption of these new standards are disclosed in Note 4.

(2) Adoption of these new and amended standards did not have any impact on the Group's accounting policies.

(b) New and amended standards not yet adopted by the Group

The Group has not applied the following amendments and new standards which are not yet effective for the financial year beginning on or after 1 January 2018 and which have not been early adopted in the Group.

- IFRS 16 Leases

IFRS 16 will affect primarily the accounting for the Group's operating leases. As of 30 June 2018, the Group has non-cancellable operating lease commitments RMB9,431,000 (Note 21(b)). However, the Group has not determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

4 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

4 Changes in accounting policies (continued)

(a) Impact on the financial statements

IFRS 9 was generally adopted without restating comparative information. IFRS 15 was adopted using the modified retrospective approach that comparatives information was not restated. The reclassifications are not reflected in the restated balance sheet as of 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

The total impact on the Group's implementation of IFRS 9 and IFRS 15 on the consolidated balance sheet are as below.

	As of 31 December 2017 RMB'000	Impact of first-time adoption of IFRS 9 RMB'000	Impact of first-time adoption of IFRS 15 RMB'000	As of 1 January 2018 RMB'000
Other current assets	—	972,527	—	**972,527**
Other receivables	—	404,100	—	**404,100**
Prepayments and other receivables	1,376,627	(1,376,627)	—	**—**
Amounts due from customers for contract work	2,378,952	—	(2,378,952)	**—**
Contract assets	—	—	2,378,952	**2,378,952**
Available-for-sale financial assets	1,000	(1,000)	—	**—**
Financial assets at fair value through profit and loss	—	1,000	—	**1,000**
Total assets	3,756,579	—	—	**3,756,579**
Provisions and other payables	1,948,353	—	(1,948,353)	**—**
Amounts due to customers for contract work	489,684	—	(489,684)	**—**
Contract liabilities	—	—	1,948,353	**1,948,353**
Total liabilities	2,438,037	—	(489,684)	**1,948,353**
Net assets	372,325	—	1,435,901	**1,808,226**

4 Changes in accounting policies (continued)

(b) IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces the provisions of International Accounting Standard 39 (“IAS 39”) that relates to the recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

The Group has adopted IFRS 9 *Financial Instruments* from 1 January 2018. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated. The new accounting policies are set out in note 4(c) below.

On 1 January 2018, the Group’s management has assessed which business models apply to the financial assets held by the Group and has classified its financial assets into the appropriate IFRS 9 categories. The majority of the Group’s financial assets include:

- loans and receivables previously measured at amortised cost which meet the conditions for classification at amortised cost; and

- investment in unlisted companies previously classified as available-for-sale financial assets was classified to financial assets at fair value through profit or loss (“FVPL”).

The Group has two types of financial assets that are subject to IFRS 9’s new expected credit loss model:

- trade receivables for sales of goods or provision of services; and

- other receivables.

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The new impairment model requires the recognition of impairment provisions based on expected credit losses model rather than only incurred credit losses model as is the case under IAS 39. The impact of the change in impairment methodology on the Group’s retained earnings as of 1 January 2018 was immaterial.

4 Changes in accounting policies (continued)

(c) IFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

Financial assets are initially recognised at fair value. For financial assets measured at FVPL, the relevant transaction costs are recognised in profit or loss. The transaction costs for other financial assets are included in the initially recognised amount. Accounts receivable or bills receivable arising from sales of goods or rendering services, without significant financing component, are initially recognised based on the transaction price expected to be entitled by the Group.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the assets. The Group classifies its debt instruments into the category to be measured at amortised cost. The Group's business model for managing these financial assets is to collect the contractual cash flows where those cash flows represent solely payments of principles that are measured at amortised cost.

4 Changes in accounting policies (continued)

(c) IFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018 (continued)

(ii) Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

(iii) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instrument carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivable and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(d) IFRS 15 Revenue from Contracts with Customers — Impact of adoption

The Group has adopted IFRS 15 *Revenue from Contracts with Customers* from 1 January 2018 replacing IAS 18 *Revenue* which covers contracts for goods and services and IAS 11 *Construction Contract* which covers construction contract. The Group has adopted the modified retrospective approach and the comparatives were not restated. The impact of the adoption of IFRS 15 was immaterial and there was no adjustments in retained earnings as of 1 January 2018.

Management has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that has been affected:

The Group has changed the presentation of certain amounts in the balance sheet to reflect the terminology of IFRS 15 and IFRS 9:

- Contract assets in relation to construction contracts were previously included in amounts due from customers for contract work;

4 Changes in accounting policies (continued)

(d) IFRS 15 Revenue from Contracts with Customers – Impact of adoption (continued)

- Contract liabilities in relation to construction contracts were previously included in amounts due to customers for contract work;
- Contract liabilities in relation to advances from customers were previously included in provisions and other payables; and
- Prepayments were previously presented together with other receivables as prepayments and other receivables are now presented as other receivables (receivables) and other current assets (prepayments) in the balance sheet, to reflect their different nature.

(e) IFRS 15 Revenue from Contracts with Customers – Accounting policies applied from 1 January 2018

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good to a customer, which is when the customer obtains control of a good, has the ability to direct the use of, and obtain substantially all of the remaining benefits from that good. If the control of the goods and services is transferred over a period of time, the Group recognises revenue by reference to the extent of progress toward completion in fulfilling its performance obligations during the entire contract period.

For the amounts of revenue recognised for goods transferred and services provided, the Group recognises any unconditional rights to consideration separately as a receivable and the rest as a contract asset, and recognises provisions for loss allowance of the receivable and the contract asset based on ECL; if the consideration received or receivable exceeds the service completed by the Group, a contract liability is recognised. The Group presents a net contract asset or a net contract liability under each contract.

(i) Rendering of ECC services to customers

Revenue for ECC services of the Group is recognised over the period of the contract by reference to the progress towards completion. Progress towards completion is calculated based on actual costs incurred as to the end of each period as a proportion to the total forecasted costs of the contract. As of each balance sheet date, the Group reassesses the progress towards completion to reflect the changes in performance.

4 Changes in accounting policies (continued)

(e) IFRS 15 Revenue from Contracts with Customers — Accounting policies applied from 1 January 2018 (continued)

(ii) Rendering of other services

The Group also provides design, consultation and supervision services to power plant owners/operators and other manufacturers. The services revenue is recognised in the accounting period in which the services are rendered, by reference to state of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided.

(iii) Sales of power plant projects

Under the Group's normal operation of ECC, it establishes various subsidiaries as the owner of power plant projects to be disposed during or upon completion of the relevant construction ("project companies"). Before a buyer is identified, all construction costs in progress pertaining to these projects are recognised as inventories in the consolidated balance sheet. These projects will be sold to third-party customers at different stages by way of transferring the equity interests in these subsidiaries. These subsidiaries have no other operation except for holding of the relevant projects. In the opinion of the directors of the Company, the disposal of equity interests in these project companies is in substance the sales of inventories held by the Group.

Sales of power plant projects are recognised when control of the power plant projects are transferred to the customers and the customer has accepted the projects.

(iv) Sales of other goods

The Group manufactures and sells polysilicon, as well as produces and sells electricity. Sales of goods are recognised when control of the goods are transferred, being when the goods are delivered to the customers.

5 Estimates

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

6 Financial risk management

6.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of 31 December 2017.

There have been no changes in the risk management policies since year end.

7 Segment information

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

During the six months ended 30 June 2018, the PV wafer and module manufacturing do not meet the quantitative thresholds required by IFRS 8 for reportable segments, the CODM has combined the PV wafer and module manufacturing with others segment; the comparatives have also been restated.

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

7 Segment information (continued)

The segment results for the six months ended 30 June 2018 are as follows:

	Polysilicon production RMB'000	ECC RMB'000	BOO RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
(Unaudited)						
For the six months ended 30 June 2018:						
Segment revenue and results						
Total segment revenue	2,128,009	2,841,201	253,622	487,540	(326,249)	5,384,123
Inter-segment revenue	(54)	(58,141)	—	(268,054)	326,249	—
Revenue from external customers	2,127,955	2,783,060	253,622	219,486	—	5,384,123
Segment results	867,847	472,523	178,103	38,072	—	1,556,545
Amortisation	7,608	2,724	6,648	2,618	—	19,598
Depreciation	240,596	3,310	63,866	24,701	—	332,473
Provisions of impairment:						
— trade and other receivables	(550)	14,375	—	1,749	—	15,574
— inventory	—	31,573	—	2,149	—	33,722
— construction contracts	—	29	—	—	—	29
Share of profit of investments accounted for using the equity method	—	5,638	—	—	—	5,638

	Polysilicon production RMB'000	ECC RMB'000	BOO RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
(Unaudited)						
For the six months ended 30 June 2017 (restated):						
Segment revenue and results						
Total segment revenue	1,822,993	2,810,332	158,383	523,292	(149,730)	5,165,270
Inter-segment revenue	(9,255)	(81,029)	—	(59,446)	149,730	—
Revenue from external customers	1,813,738	2,729,303	158,383	463,846	—	5,165,270
Segment results	832,260	442,672	106,945	52,810	—	1,434,687
Other segment items						
Amortisation	7,771	1,423	4,875	1,927	—	15,996
Depreciation	238,152	1,516	42,127	21,138	—	302,933
Provisions of impairment:						
— trade and other receivables	1,028	55,809	—	4,404	—	61,241
— property, plant and equipment (Note 8)	—	—	—	49,106	—	49,106
— inventory	—	6,775	—	—	—	6,775
— construction contracts	—	2,191	—	—	—	2,191
Share of profit of investments accounted for using the equity method	—	3,671	—	—	—	3,671

7 Segment information (continued)

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Polysilicon production	**867,847**	832,260
ECC	**472,523**	442,672
BOO	**178,103**	106,945
Others	**38,072**	52,810
Total gross profit for reportable segments	**1,556,545**	1,434,687
Selling and marketing expenses	**(158,094)**	(148,336)
General and administrative expenses	**(263,184)**	(287,603)
Other income	**37,679**	22,596
Other losses — net	**(9,954)**	(10,065)
Finance expenses — net	**(160,195)**	(133,286)
Share of profit of investments accounted for using the equity method	**5,638**	3,671
Profit before income tax	**1,008,435**	881,664
Income tax expense	**(143,662)**	(126,787)
Profit for the period	**864,773**	754,877

7 Segment information (continued)

The segment assets as of 30 June 2018 are as follows:

	Polysilicon production RMB'000	ECC RMB'000	BOO RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
(Unaudited)						
As of 30 June 2018						
Segment assets	14,863,786	15,108,162	6,632,803	3,958,861	(7,444,670)	33,118,942
Investments accounted for using the equity method	–	127,925	–	4,200	–	132,125
	14,863,786	15,236,087	6,632,803	3,963,061	(7,444,670)	33,251,067
Unallocated assets						135,762
Total assets						33,386,829
Additions to non-current assets	281,849	745	535,554	140,183	–	958,331
(Audited)						
As of 31 December 2017						
Segment assets	13,029,475	18,311,239	3,443,601	3,191,467	(6,604,175)	31,371,607
Investments accounted for using the equity method	–	109,393	–	4,200	–	113,593
	13,029,475	18,420,632	3,443,601	3,195,667	(6,604,175)	31,485,200
Unallocated assets						179,663
Total assets						31,664,863
Additions to non-current assets	688,389	95,081	1,069,046	184,974	–	2,037,490

7 Segment information (continued)

Entity-wide information

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Provision of ECC services	**2,783,060**	2,729,303
Sales of goods	**2,523,265**	2,333,637
Provision of services other than ECC	**77,798**	102,330
	5,384,123	5,165,270

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The PRC	**5,269,128**	5,085,805
Other countries	**114,995**	79,465
	5,384,123	5,165,270

There was one (2017: Nil) external customer contributed more than 10% of the total revenue for the six months ended 30 June 2018.

As of 30 June 2018 and 31 December 2017, all the Group's non-current assets, other than financial instruments and deferred income tax assets, are primarily located in the PRC.

8 Property, plant and equipment

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Opening net book value	**13,058,520**	11,984,258
Additions	**895,556**	638,922
Disposals	**(22,576)**	(29,061)
Disposals of subsidiary	**–**	(190,345)
Depreciation charge	**(359,928)**	(321,650)
Impairment provisions	**–**	(49,106)
Closing net book value	**13,571,572**	12,033,018

The depreciation expense has been charged as below:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of sales	**294,692**	271,068
Selling and marketing expenses	**224**	209
General and administrative expenses	**37,557**	31,656
Capitalised in inventories	**27,455**	18,717
	359,928	321,650

For the six months ended 30 June 2018, interest expenses of RMB40,750,000 (six months ended 30 June 2017: RMB27,370,000) have been capitalised in property, plant and equipment at average interest rate of 4.75% (six months ended 30 June 2017: 5.03%)(Note 16).

As of 30 June 2018, Group's certain buildings and machinery with original book value of RMB12,631,366,000 (31 December 2017: RMB12,518,793,000) were pledged as securities for Group's borrowings(Note 13).

9 Deferred income tax

(a) Deferred income tax assets

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Beginning of the period	**179,663**	136,394
(Debited)/Credited to the consolidated statement of comprehensive income	**(43,901)**	22,408
End of the period	**135,762**	158,802

(b) Deferred income tax liabilities

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Beginning of the period	**78,742**	—
Debited to the consolidated statement of comprehensive income	**31,344**	28,000
End of the period	**110,086**	28,000

10 Contract assets/liabilities

(a) Contract assets

	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
Amounts due from customers for contract work	**2,287,150**	—

(b) Contract liabilities

	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
Amounts due to customers for contract work	**384,553**	—
Advance from customers	**1,254,432**	—
	1,638,985	—

10 Contract assets/liabilities (continued)

(b) Contract liabilities (continued)

	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
Contract cost incurred plus recognised profit less recognised losses	**4,203,486**	3,837,774
Less: progress billings	**(2,300,889)**	(1,948,506)
Net balance sheet position for ongoing contracts	**1,902,597**	1,889,268
Representing:		
Amounts due from customers for contract work	**2,287,150**	2,378,952
Amounts due to customers for contract work	**(384,553)**	(489,684)
	1,902,597	1,889,268

11 Trade and notes receivable

	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
Trade receivables	**2,448,579**	2,308,610
Notes receivable	**1,254,637**	2,063,138
	3,703,216	4,371,748
Less: provision for impairment	**(136,378)**	(127,664)
	3,566,838	4,244,084

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

As of 30 June 2018, the Group's trade receivables with the original book value of RMB96,903,000 (31 December 2017: RMB18,949,000) were pledged as security for short-term bank borrowings (Note 13(a)).

Ageing analysis of the Group's gross trade receivables at the respective balance sheet dates is as follows:

	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
Within 3 months	**732,987**	1,050,363
3 to 6 months	**277,887**	302,559
6 months to 1 year	**803,942**	296,875
1 to 2 years	**325,211**	356,940
2 to 3 years	**146,009**	232,477
Over 3 years	**162,543**	69,396
	2,448,579	2,308,610

11 Trade and notes receivable (continued)

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

As of 30 June 2018, retention money included in trade receivables amounted to RMB245,306,000 (31 December 2017: RMB255,077,000), which was neither past due nor impaired.

As of June 2018 and 31 December 2017, no trade receivables were past due but not impaired.

As of 30 June 2018, trade receivables of RMB2,203,273,000 (31 December 2017: RMB2,034,584,000) was partially impaired. The amount of the related provisions for impairment pertaining to these receivables was approximately RMB136,378,000 at 30 June 2018 (31 December 2017: RMB127,664,000). It was assessed that a portion of the receivables is expected to be recovered. The ageing analysis of these receivables are as follows:

	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
Less than 1 year	**1,762,453**	1,538,515
1 year to 2 years	**250,222**	299,381
2 years to 3 years	**88,201**	156,096
Over 3 years	**102,397**	40,592
	2,203,273	2,034,584

12 Share capital and share premium

Ordinary shares, issued and fully paid:

	Number of ordinary shares (thousands)	**Nominal value RMB'000**	**Share premium RMB'000**	**Total share capital and share premium RMB'000**
(Unaudited)				
As of 30 June 2017 and 30 June 2018	**1,045,005**	**1,045,005**	**5,030,375**	**6,075,380**

13 Borrowings

	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
Long-term borrowings		
Bank borrowings:		
– Secured (a)	6,867,070	6,685,570
– Unsecured	1,313,000	300,000
Other borrowings:		
– Secured (b)	377,500	378,000
Less: current portion of long-term borrowings	(1,161,150)	(875,600)
Total non-current borrowings	7,396,420	6,487,970
Short-term borrowings		
Bank borrowings:		
– Secured (a)	1,517,650	1,107,919
– Unsecured	2,893,127	2,691,451
	4,410,777	3,799,370
Other borrowings:		
– Secured (b)	80,605	119,502
– Unsecured	100,000	—
	180,605	119,502
Current portion of long-term borrowings	1,161,150	875,600
Total current borrowings	5,752,532	4,794,472
Total borrowings	13,148,952	11,282,442

13 Borrowings (continued)

The maturities of the Group's total borrowings at the balance sheet date are as follows:

	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
Within 1 year	**5,752,532**	4,794,472
1 year to 2 years	**932,625**	1,100,900
2 years to 5 years	**2,239,575**	1,420,300
Over 5 years	**4,224,220**	3,966,770
	13,148,952	11,282,442

(a) As of 30 June 2018, secured short-term bank borrowings with amount of RMB340,650,000 were pledged with the Group's certain property, plant and equipment (Note 8) and land use rights (31 December 2017: RMB78,390,000).

As of 30 June 2018, secured short-term bank borrowings with amount of RMB1,177,000,000 (31 December 2017: RMB1,029,529,000) were pledged with trade receivables (Note 11).

As of 30 June 2018, secured long-term bank borrowings with amount of RMB6,867,070,000 (31 December 2017: RMB6,685,570,000) were pledged with the Group's certain property, plant and equipment (Note 8), land use rights, inventories, and future trade receivables collection right.

(b) As of 30 June 2018, secured short-term other borrowings with amount of RMB80,605,000 (31 December 2017: RMB119,502,000) were pledged with the Group's guarantee deposits amounting to RMB15,000,000 (31 December 2017: RMB15,000,000).

As of 30 June 2018 and 31 December 2017, secured long-term other borrowings with amount of RMB143,000,000 and RMB36,000,000 were guaranteed respectively by the Company and TBEA Xinjiang New Energy Co., Ltd., the Company's subsidiary.

As of 30 June 2018, secured long-term other borrowings with amount of RMB198,500,000 were guaranteed by the bank credit (31 December 2017: RMB199,000,000).

13 Borrowings (continued)

(c) For the six months ended 30 June 2018, the interest rates of borrowings ranged from 1.20% to 5.88% (six months ended 30 June 2017: from 1.20% to 5.39%).

(d) The Group has the following undrawn bank borrowing facilities:

	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
Expiring within 1 year	**5,847,822**	6,057,816
Expiring beyond 1 year	**900,000**	88,849
	6,747,822	6,146,665

14 Trade and notes payable

	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
Trade payables	**3,639,665**	3,379,730
Notes payable	**2,909,602**	3,897,048
	6,549,267	7,276,778

14 Trade and notes payable (continued)

The ageing analysis of trade payables is as follows:

	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
Within 1 year	**2,776,005**	2,515,194
1 to 2 years	**543,012**	555,856
2 to 3 years	**269,537**	269,548
Over 3 years	**51,111**	39,132
	3,639,665	3,379,730

15 Other income

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Government grants	**32,239**	14,915
Net income from sales of raw materials	**3,957**	4,911
Others	**1,483**	2,770
	37,679	22,596

For the six months ended 30 June 2018 and 2017, the Group's government grant income included amortisation of asset-related government grants with amount of RMB27,688,000 and RMB14,229,000, respectively.

16 Finance expenses — net

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on borrowing	**279,964**	235,438
Less: amounts capitalised	**(112,032)**	(92,607)
— in property, plant and equipment (Note 8)	**(40,750)**	(27,370)
— in inventories and construction contracts	**(71,282)**	(65,237)
Net foreign exchange losses	**5,785**	—
Finance expenses	**173,717**	142,831
Interest income	**(13,522)**	(9,545)
	160,195	133,286

17 Income tax expense

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax expense	**68,417**	121,195
Deferred income tax expense	**75,245**	5,592
	143,662	126,787

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

18 Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2018 and 2017.

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	**863,382**	750,983
Weighted average number of ordinary shares in issue (thousands)	**1,045,005**	1,045,005
Basic earnings per share (RMB)	**0.83**	0.72

(b) Diluted

No dilutive effect on earnings per share for the six months ended 30 June 2018 and 2017, as the Group had no dilutive potential ordinary shares.

19 Dividends

On 15 June 2018, the 2017 final dividend of RMB0.2 per share(2016:RMB0.12) totalling RMB209,001,000 (2016:RMB125,401,000) has been approved at the annual general meeting, but has not been paid as of 30 June 2018.

The board of directors does not recommend the payment of any interim dividend for the six months ended 30 June 2018.

20 Contingent liabilities

In June 2013, Jiangsu Zhongneng Silicon Technology Development Co., Ltd. (江蘇中能硅業科技發展有限公司)("Jiangsu Zhongneng") filed a claim with the Jiangsu Province People's Court against the Company for certain patent infringement and trade secrets misappopriation, for a total compensation amounting to RMB62 million. In December 2014, after an appeal filed the Company, the Supreme People's Court of the PRC ruled that the case fell within the jurisdiction of the Xinjiang Province People's Court. As of the approval date of this condensed consolidated interim financial information for issue, the aforementioned litigation was still under the process of transfer, and therefore no trial had been conducted by Xinjiang Province People's Court yet. After considering the opinion of an independent legal counsel, the directors of the Company (the "**Directors**") were of the opinion that this litigation was still at a preliminary stage and the contingent obligation cannot be measured with sufficient reliability. Accordingly, no provision was made with respect to the aforementioned claim as of 30 June 2018.

Apart from the above, the Group and the Company incur contingent liabilities in respect of claims or other legal procedures arising in their ordinary course of business from time to time. For the six months ended 30 June 2018, the Directors anticipated that no material liabilities would arise from the contingent liabilities other than those provided for in the consolidated financial statements.

21 Commitments

(a) Capital commitments

As of 30 June 2018 and 31 December 2017, capital commitments with respect to capital expenditure of property, plant and equipment are as follows:

	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
Contractual but not yet incurred	**2,993,227**	1,084,687

(b) Operating lease commitments

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet dates but not recognised as liabilities, are as follows:

	As of 30 June 2018 RMB'000 (Unaudited)	As of 31 December 2017 RMB'000 (Audited)
Within 1 year	**9,182**	7,701
Between 1 to 5 years	**249**	1,138
	9,431	8,839

22 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

22 Related party transactions (continued)

(a) Significant transactions with related parties

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
With parent company:		
— Sales of goods or services	**3,306**	3,873
— Rental expense	**3,448**	4,350
— Purchases of goods or services	**97,870**	37,472
With fellow subsidiaries:		
— Sales of goods or services	**902**	2,158
— Procurement deposits	**150**	—
— Purchases of goods or services	**195,947**	192,358
With associates of parent company:		
— Sales of goods or services	**10,122**	14,490
— Purchases of goods or services	**45,853**	25,411
With associates:		
— ECC services provided	**326,709**	259,300
— Project Development cost receivables	**1,200**	—
With associates of a director of the Company:		
— Sales of goods	**141**	—
— Rental expense	**—**	31
— Procurement deposits	**—**	80
— Purchases of goods or services	**12,320**	20,277

These transactions are carried out on terms mutually agreed with the counter parties in the ordinary course of business.

(b) Key management compensation

The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and bonuses	**6,360**	3,129
Pension and others	**555**	309
Share-based payment	**—**	65
	6,915	3,503