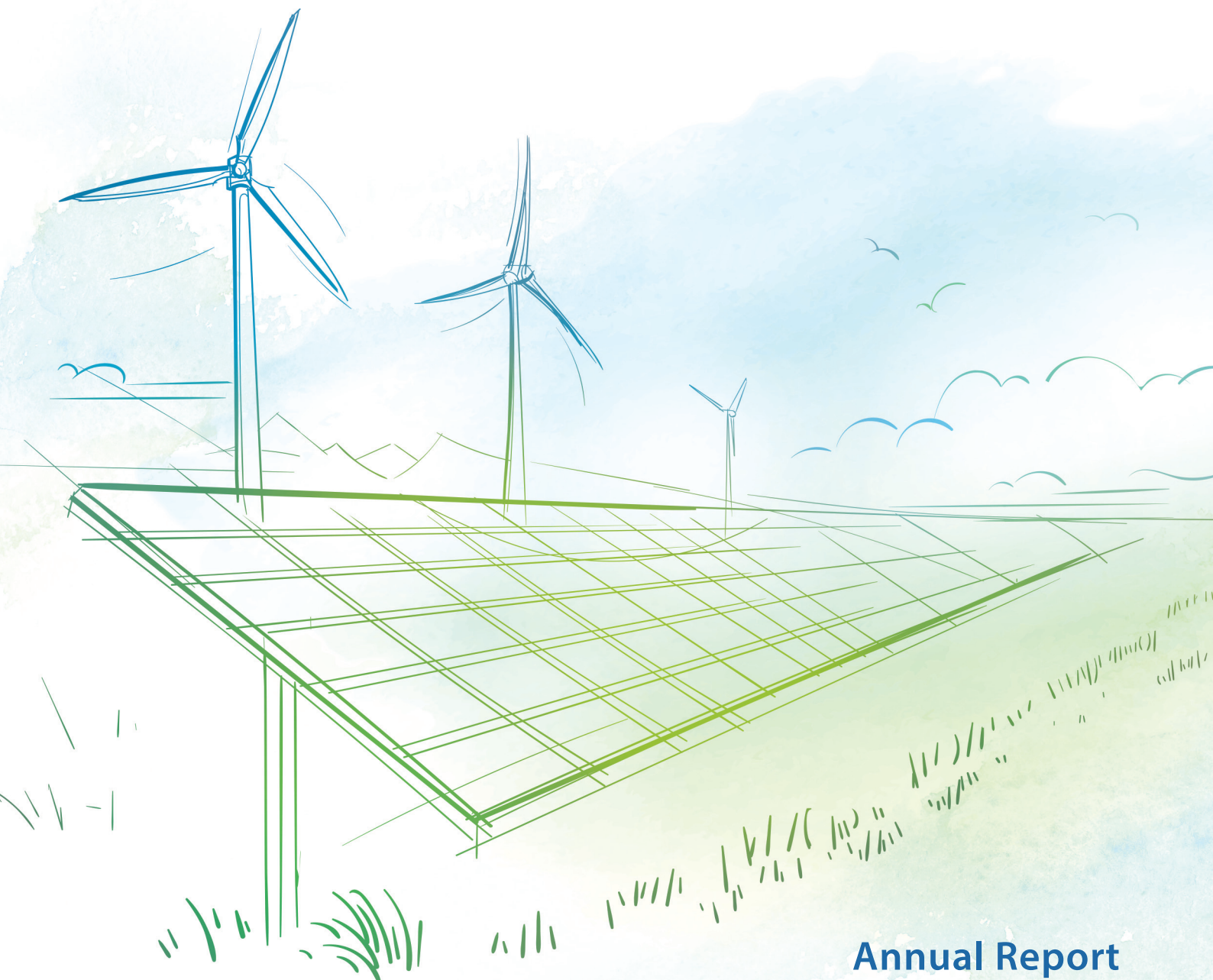


# 新特能源股份有限公司

## Xinte Energy Co., Ltd.

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

Stock code : 1799

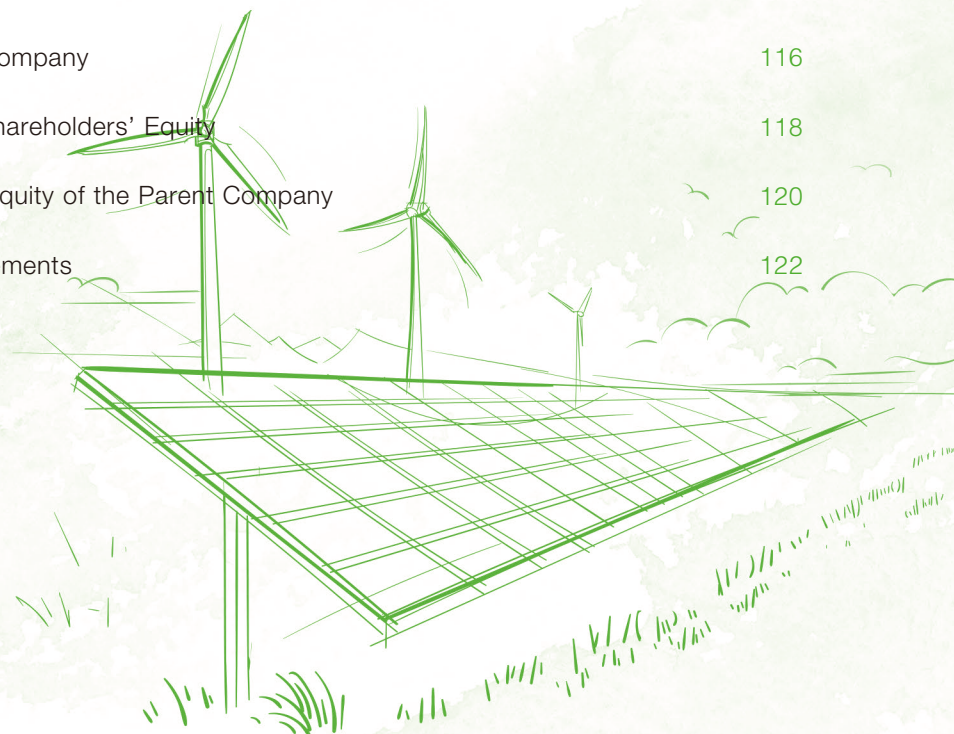


Annual Report  
**2021**



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# Corporate Profile

## DIRECTORS

### Executive Directors

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

### Non-executive Directors

Mr. Zhang Xin  
Mr. Huang Hanjie<sup>(1)</sup>  
Ms. Guo Junxiang  
Mr. Qin Xiaodong<sup>(2)</sup>

### Independent Non-executive Directors

Mr. Cui Xiang<sup>(3)</sup>  
Mr. Chen Weiping<sup>(4)</sup>  
Mr. Tam, Kwok Ming Benny<sup>(5)</sup>  
Mr. Qin Haiyan<sup>(6)</sup>  
Mr. Yang Deren<sup>(7)</sup>  
Mr. Wong, Yui Keung Marcellus<sup>(8)</sup>

## SUPERVISORS

Mr. Chen Qijun (*Chairman*)  
Mr. Han Shu  
Mr. Hu Shujun  
Mr. Ma Junhua<sup>(9)</sup>  
Mr. Cao Huan  
Mr. Guo Hao<sup>(10)</sup>

## AUDIT COMMITTEE

Mr. Tam, Kwok Ming Benny<sup>(5)</sup> (*Chairman*)  
Mr. Cui Xiang<sup>(3)</sup>  
Mr. Chen Weiping<sup>(4)</sup>  
Mr. Wong, Yui Keung Marcellus<sup>(8)</sup>  
Mr. Yang Deren<sup>(7)</sup>  
Mr. Qin Haiyan<sup>(6)</sup>  
Mr. Qin Xiaodong<sup>(2)</sup>  
Mr. Huang Hanjie<sup>(1)</sup>  
Ms. Guo Junxiang

## NOMINATION COMMITTEE

Mr. Chen Weiping<sup>(4)</sup> (*Chairman*)  
Mr. Cui Xiang<sup>(3)</sup>  
Mr. Tam, Kwok Ming Benny<sup>(5)</sup>  
Mr. Qin Haiyan<sup>(6)</sup>  
Mr. Yang Deren<sup>(7)</sup>  
Mr. Wong, Yui Keung Marcellus<sup>(8)</sup>  
Mr. Zhang Xin  
Mr. Xia Jinjing<sup>(11)</sup>  
Mr. Yin Bo<sup>(12)</sup>

## REMUNERATION AND ASSESSMENT COMMITTEE

Mr. Cui Xiang<sup>(3)</sup> (*Chairman*)  
Mr. Chen Weiping<sup>(4)</sup>  
Mr. Tam, Kwok Ming Benny<sup>(5)</sup>  
Mr. Yang Deren<sup>(7)</sup>  
Mr. Qin Haiyan<sup>(6)</sup>  
Mr. Wong, Yui Keung Marcellus<sup>(8)</sup>  
Mr. Zhang Jianxin  
Mr. Yin Bo<sup>(12)</sup>  
Mr. Xia Jinjing<sup>(11)</sup>

## STRATEGY COMMITTEE

Mr. Zhang Jianxin (*Chairman*)  
Mr. Cui Xiang<sup>(3)</sup>  
Mr. Chen Weiping<sup>(4)</sup>  
Mr. Yang Deren<sup>(7)</sup>  
Mr. Qin Haiyan<sup>(6)</sup>  
Mr. Zhang Xin  
Mr. Yin Bo<sup>(12)</sup>

## JOINT COMPANY SECRETARIES

Ms. Zhang Juan  
Ms. Ng Wing Shan<sup>(13)</sup>  
Ms. Chan Yin Wah<sup>(13)</sup>

## AUTHORIZED REPRESENTATIVES

Mr. Tam, Kwok Ming Benny<sup>(5)</sup>  
Ms. Ng Wing Shan<sup>(13)</sup>  
Mr. Wong, Yui Keung Marcellus<sup>(8)</sup>  
Ms. Chan Yin Wah<sup>(13)</sup>

(1) On 16 June 2021, Mr. Huang Hanjie was appointed as a non-executive Director of the fourth session of the Board and member of the Audit Committee.

(2) On 11 January 2021, Mr. Qin Xiaodong resigned as a non-executive Director of the third session of the Board and member of the Audit Committee.

(3) On 16 June 2021, Mr. Cui Xiang was appointed as an independent non-executive Director of the fourth session of the Board and member of the Audit Committee, the Nomination Committee, the Strategy Committee and the chairman of the Remuneration and Assessment Committee.

(4) On 16 June 2021, Mr. Chen Weiping was appointed as an independent non-executive Director of the fourth session of the Board and member of the Audit Committee, the Strategy Committee, the Remuneration and Assessment Committee and the chairman of the Nomination Committee.

(5) On 16 June 2021, Mr. Tam, Kwok Ming Benny was appointed as an independent non-executive Director of the fourth session of the Board and member of the Nomination Committee, the Remuneration and Assessment Committee and the chairman of the Audit Committee. Since 16 June 2021, Mr. Tam, Kwok Ming Benny has served as an authorised representative of the Company.

(6) As the term of the third session of the Board expired on 15 June 2021, Mr. Qin Haiyan retired as the independent non-executive Director of the Company and member of the Audit Committee, the Remuneration and Assessment Committee, the Strategy Committee and the chairman of the Nomination Committee with effect from 16 June 2021.

(7) As the term of the third session of the Board expired on 15 June 2021, Mr. Yang Deren retired as the independent non-executive Director of the Company and member of the Audit Committee, the Nomination Committee, the Strategy Committee and the chairman of the Remuneration and Assessment Committee with effect from 16 June 2021.

(8) As the term of the third session of the Board expired on 15 June 2021, Mr. Wong, Yui Keung Marcellus retired as the independent non-executive Director of the Company and member of the Nomination Committee, the Remuneration and Assessment Committee and the chairman of the Audit Committee with effect from 16 June 2021. Mr. Wong, Yui Keung Marcellus has ceased to be an authorised representative of the Company with effect from 16 June 2021.

(9) As the term of the third session of the Supervisory Board expired on 15 June 2021, Mr. Ma Junhua retired as an employee representative Supervisor of the Company with effect from 16 June 2021.

(10) On 16 June 2021, Mr. Guo Hao was appointed as an employee representative Supervisor of the fourth session of the Supervisory Board.

(11) Mr. Xia Jinjing ceased to be a member of the Remuneration and Assessment Committee of the Company and was appointed as a member of the Nomination Committee with effect from 16 June 2021.

(12) Mr. Yin Bo ceased to be a member of the Nomination Committee of the Company and was appointed as a member of the Remuneration and Assessment Committee with effect from 16 June 2021.

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

## AUDITOR

### **SHINEWING Certified Public Accountants LLP**

*Certified Public Accountants*

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

## LEGAL ADVISERS

*As to PRC law*

### **Xinjiang Tianyang Law Firm**

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

*As to Hong Kong law*

### **King & Wood Mallesons**

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

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre  
No. 248, Queen's Road East, Wanchai  
Hong Kong

## H SHARES REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong

## STOCK CODE

1799

## COMPANY WEBSITE

<http://www.xinteenergy.com>

## INVESTOR COMMUNICATIONS

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FAX: 86 991-3672600-102  
E-mail: [ir@xinteenergy.com](mailto:ir@xinteenergy.com)



# Definitions

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

“100,000-ton Polysilicon Project in Inner Mongolia”	the 100,000-ton-per-annum high-purity polysilicon green energy circular economy construction project in Tumed Right Banner, Baotou City, Inner Mongolia Autonomous Region, the PRC
“200,000-ton Polysilicon Project in Zhundong”	the 200,000-ton-per-annum high-end electronic-grade polysilicon green low-carbon circular economy construction project in the Changji Zhundong Industrial Park in Xinjiang, the PRC
“30%-controlled company”	has the meaning as ascribed to it under the Listing Rules
“Articles of Association”	the articles of association adopted by the Company, as amended from time to time
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Audit Committee”	Audit Committee of the Board
“average utilisation 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
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this annual report, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“CASBE”	China Accounting Standards for Business Enterprises
“CBIRC”	China Banking and Insurance Regulatory Commission
“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 in the PRC on 20 February 2008, the H shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1799)
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Connected Person(s)”	has the meaning as ascribed to it under the Listing Rules
“Connected Transaction(s)”	has the meaning as ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission



## Definitions

“DC”	direct current (the unidirectional flow of electric charge)
“Director(s)”	a director (or all directors) of the Company
“Domestic Share(s)”	ordinary share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Group”, “our Group”	the Company and its subsidiaries
“GW”	gigawatt, a unit of power. 1GW = 1,000MW
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each which are subscribed for and traded in Hong Kong dollars and are listed on the Main Board of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Inner Mongolia Xinte”	Inner Mongolia Xinte Silicon Materials Co., Ltd.* (內蒙古新特硅材料有限公司), a company with limited liability incorporated in the PRC on 9 February 2021 and a subsidiary of the Company as at the date of this report
“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
“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
“Latest Practicable Date”	21 April 2021, being the latest practicable date prior to the printing of this annual report for ascertaining certain information contained herein
“Listing”	listing of the H Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“MOF”	Ministry of Finance of the PRC

## Definitions

“MW”	megawatt, a unit of power. 1MW = 1,000kW. The capacity of a power project is generally expressed in MW
“NDRC”	National Development and Reform Commission of the PRC
“NEA”	National Energy Administration of the PRC
“Nomination Committee”	Nomination Committee of the Board
“OFAC”	the United States Treasury Department’s Office of Foreign Assets Control
“on-grid tariff”	the selling price of electricity for which a power generating project can sell the electricity it generated to the power grid companies, usually denominated in RMB/kWh
“Pandemic”	COVID-19 pandemic
“Province”	a province or, as the context requires, a provincial level autonomous region or municipality under the direct supervision of the central government of the PRC
“PV”	photovoltaic
“PwC”	PricewaterhouseCoopers
“R&D”	research and development
“Remuneration and Assessment Committee”	Remuneration and Assessment Committee of the Board
“Reporting Period”	the year ended 31 December 2021
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“SHINEWING”	SHINEWING Certified Public Accountants LLP
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	Strategy Committee of the Board





## Definitions

“Subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules
“Sun oasis”	TBEA Xinjiang Sun oasis Co., Ltd. (特變電工新疆新能源股份有限公司), a joint stock company incorporated in the PRC on 30 August 2000 and a subsidiary of the Company (previously translated as TBEA Xinjiang New Energy Co., Ltd.) as at the date of this report
“Supervisor(s)”	a supervisor (or all supervisors) of the Company
“Supervisory Board”	the supervisory board of the Company
“SVG”	Static VAR generator
“TBEA”	TBEA Co., Ltd. (特變電工股份有限公司), a joint stock company incorporated in the PRC with limited liability on 26 February 1993 and listed on the Shanghai Stock Exchange (Stock code: 600089). As of the date of this report, TBEA directly or indirectly held 66.61% equity interest of the Company, and is our Controlling Shareholder
“TBEA Finance”	TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司), a company incorporated in the PRC with limited liability on 29 November 2018 as well as a non-bank financial institution approved by China Banking and Insurance Regulatory Commission and a subsidiary of TBEA as at the date of this report
“TBEA Group”	TBEA and its subsidiaries and its associates (excluding the Group)
“Xinjiang Joinworld”	Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司), a joint stock company incorporated in the PRC with limited liability on 13 February 1996 and listed on the Shanghai Stock Exchange (Stock Code: 600888), a connected person of the Company by being a 30%-controlled company of TBEA as at the date of this report
“Xinjiang Tebian”	Xinjiang Tebian Group Co., Ltd. (新疆特變電工集團有限公司), a company with limited liability incorporated in the PRC on 27 January 2003, holding 6.07% equity interest in our Company directly or indirectly as of the date of this report. Xinjiang Tebian is a connected person of the Company as it is a 30%-controlled company of Mr. Zhang Xin, a non-executive Director of the Company who is a connected person of the Company by virtue of his position as a Director
“Xinjiang Tebian Group”	Xinjiang Tebian and its associates
“%”	per cent

# Financial Summary

For the year ended 31 December 2021, the Group achieved operating revenue of RMB22,523.04 million, total profits of RMB6,318.35 million and net profit attributable to shareholders of the listed company of RMB4,955.26 million.

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

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

	2021		2020		Rate of change
	RMB	Percentage of operating revenue	RMB	Percentage of operating revenue	
Polysilicon	<b>11,575,636,767.66</b>	<b>51.39%</b>	4,472,466,187.42	31.54%	158.82%
Construction of wind power and PV power plants	<b>7,761,437,141.60</b>	<b>34.46%</b>	7,384,063,271.28	52.07%	5.11%
Operation of wind power and PV power plants	<b>1,873,544,983.78</b>	<b>8.32%</b>	887,323,890.01	6.26%	111.15%
Others	<b>1,312,421,049.61</b>	<b>5.83%</b>	1,438,431,194.00	10.14%	-8.76%
<b>Total</b>	<b>22,523,039,942.65</b>	<b>100.00%</b>	14,182,284,542.71	100.00%	58.81%

The Group's consolidated financial statements from 2017 to 2021 are summarised as follows:

	As of 31 December/Year ended 31 December				
	2021 RMB	2020 RMB	2019 RMB	2018 RMB	2017 RMB
Total assets	<b>58,198,873,145.40</b>	45,314,516,027.58	42,112,453,069.74	35,288,966,822.25	31,185,977,747.15
Total liabilities	<b>34,810,233,544.51</b>	30,813,276,704.56	28,258,290,063.71	24,000,989,805.74	21,927,645,176.56
Shareholders' equity	<b>23,388,639,600.89</b>	14,501,239,323.02	13,854,163,006.03	11,287,977,016.51	9,258,332,570.59
Including: Interests attributable to the shareholders of listed company	<b>20,027,574,793.73</b>	12,041,369,110.88	11,430,320,666.32	10,020,875,551.31	9,206,175,210.33
Interests of minority shareholders	<b>3,361,064,807.16</b>	2,459,870,212.14	2,423,842,339.71	1,267,101,465.20	52,157,360.26
Operating revenue	<b>22,523,039,942.65</b>	14,182,284,542.71	9,643,991,500.26	12,226,738,122.03	11,607,648,238.17
Total profits	<b>6,318,345,920.83</b>	892,321,662.65	567,419,478.64	1,208,756,356.43	1,217,986,173.41
Income tax expenses	<b>934,334,896.63</b>	64,109,611.64	43,056,224.53	98,113,364.11	144,289,833.39
Net profit	<b>5,384,011,024.20</b>	828,212,051.01	524,363,254.11	1,110,642,992.32	1,073,696,340.02
Including: Net profit attributable to shareholders of the listed company	<b>4,955,264,764.83</b>	634,572,524.53	409,869,756.58	1,107,137,364.06	1,070,723,764.29
Profit and loss of minority shareholders	<b>428,746,259.37</b>	193,639,526.48	114,493,497.53	3,505,628.26	2,972,575.73
Earnings per share (RMB)	<b>3.92</b>	0.53	0.35	1.06	1.02



# Chairman's Statement

Dear Shareholders,

Years go by, seasons change. We have moved from the hard-working and fruitful 2021 and welcomed the promising and bright 2022.

2021 marked the beginning of the “14th Five-Year”, in which we carried out the State’s “carbon emissions peaking and carbon neutrality” strategy with rapid development. Looking back on 2021, all our employees gathered strength and forged ahead, bringing our businesses to a new stage.

This year, we responded proactively to the ever-changing macro situation and external environment, overcame difficulties and braved challenges, creating the best performance in our history. In 2021, the Group achieved revenue of RMB22.523 billion, representing a year-on-year increase of 58.81%; and achieved net profit attributable to the shareholders of the listed company of RMB4.955 billion, representing a year-on-year increase of 680.88%.

This year, by upholding our faith and mission for steady progress, implementing the low-carbon concept to promote quality development of the Company, our polysilicon production capacity increased by approximately 10% year-on-year. We also accelerated the development of the new energy industry by launching the technical transformation of the Xinjiang polysilicon production line and the construction of the 100,000-ton Polysilicon Project in Inner Mongolia. Whether in the Gobi Desert at the foot of Xinjiang Tianshan, or on the Daqing Mountain of Chilechuan in Inner Mongolia, you can find Xinte’s employees sweating to challenge and strive for the best.

This year, we have achieved significant breakthrough regarding the development and operational scale of the new energy power plants, including newly acquired developmental resources exceeding 4GW and the installed capacity of the self-operated power plants exceeding 2.2GW, representing a nearly double increase compared with the same period last year. In addition, we had power plant construction of premium quality, with four projects of the wind power base in Ximeng, Inner Mongolia won one First Prize award, one Second Prize award and two Third Prize awards respectively from China Electric Power Construction Association.

This year, we have achieved new progress in power electronic manufacturing by launching the new generation of the 1,500V 300kW+ series high voltage string inverter and the new generation of high-reliability SVG model. The  $\pm 800\text{kV}/3,000\text{MW}$  flexible direct current transmission converter valve and control valve products developed by us had successfully passed the product appraisal conducted by China Electrical Equipment Industry Association, and our overall technique has achieved a world-leading level. The Kunliulong project in which our UHV flexible DC converter valve was offered has operated safely, efficiently and stably, with the cumulative electricity of 26.2 billion kWh being safely delivered upon operation.

This year, we have optimized capital structure with the completion of the placing of H Shares and the issuance of domestic shares, raising a net capital of more than RMB3 billion, contributing to the Company’s sustainable development with new funds. To seize the opportunities for the positive development of the global new energy industry, we are actively preparing the listing of A Shares, striving to establish domestic and overseas financing platforms to fund the Company’s new energy industry development, hence supporting the Company to expand and consolidate.



## Chairman's Statement

A broad future requires us to explore, and a great dream requires us to fight for. In 2022, we will carry the great responsibility and the noble mission fall to us from the Country and the Era along the way and pass the entrepreneurship of “overcome difficulties, never give up, strive to change the fate”. By seizing every minute and second, we will grasp the opportunities for development to create new performances worthy of time.

If we do not fail nature, nature shall never fail us. To build a better world, we hope to fight for the new energy business with every partner and establish a brand new “zero-carbon” era.

*Chairman*

**Zhang Jianxin**

25 March 2022



# Management Discussion and Analysis

## I. REVIEW OF INDUSTRY DEVELOPMENT STATUS

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

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

- On 24 February 2021, the NDRC, the MOF, People’s Bank of China, China Banking and Insurance Regulatory Commission and the NEA jointly issued the Notice on the Guidance of Increasing Financial Support to Promote the Sound and Orderly Development in Wind and PV Power Generation Industry (《關於引導加大金融支持力度促進風電和光伏發電等行業健康有序發展的通知》), requiring financial institutions to assume “green responsibility” by extending or renewing loans for renewable energy companies, granting and reasonably supporting the grant to loans with confirmed rights, prioritizing the grant of subsidies and increasing credit support, hence alleviate the production and operation difficulties of the renewable energy companies as a result of cash flow shortage, and further enhance financial support.
- On 25 February 2021, the NDRC and the NEA issued the Guiding Opinions on Promoting the Integration of Power Source and Grid and the Development of Multi-energy Complementary (《關於推進電力源網荷儲一體化和多能互補發展的指導意見》), which clarifies the implementation path of the integration of power source and grid and the development of multi-energy complementary, requires the improvement of policies and measures, enhances the guarantee capability, utilisation efficiency and the consumption level of renewable energy, to achieve high-quality development of the power system.

## Management Discussion and Analysis

- On 11 May 2021, the NEA issued the Notice on Matters Relating to the Development and Construction of Wind and PV Power Generation in 2021 (《關於2021年風電、光伏發電開發建設有關事項的通知》), which stipulates the requirement for strengthening the weight guidance mechanism of renewable energy power consumption responsibility, establishing multiple grid connection guarantee mechanisms such as guaranteed grid connection and market-oriented grid connection, and accelerating the project stocks and construction, to continuously promote the high-quality development of wind and PV power generation.
- On 21 May 2021, the NDRC and the NEA issued the Notice on the Weight of Responsibilities for Consumption of Renewable Energy Power and Relevant Matters for 2021 (《關於2021年可再生能源電力消納責任權重及有關事項的通知》). Focusing on achieving the goal of raising the proportion of non-fossil energy in primary energy consumption to around 20% by 2025, the notice clarifies that starting from 2021, the weight for various provinces will be published at the beginning of each year on a rolling basis, and the weight of consumption responsibilities for the current year and the following year will be printed and distributed at the same time. The weight for the current year is a binding index, performance assessment shall be conducted on each province based on such indicator, while the weight for the following year is a prospective indicator, according to which each province shall conduct project reserve. If the weight of responsibility is not completed in the current year, the uncompleted part shall be accumulated and completed in the following year.
- On 7 June 2021, the NDRC issued the Notice on Matters Relating to the 2021 Feed-In-Tariff Policy for New Energy (《關於2021年新能源上網電價政策有關事項的通知》), which proposes that central finance will no longer subsidise the newly filed centralised PV power plants, commercial and industrial distributed PV projects and newly approved onshore wind power projects, and the grid parity will be implemented from 2021; the on-grid tariff of the above newly established projects in 2021 shall be implemented according to the local benchmark price of coal-fired power generation, or the on-grid tariff can be formed by voluntarily participating in market-oriented transactions. From 2021, the on-grid tariff for newly approved (filed) offshore wind power projects and PV thermal power projects shall be stipulated by the provincial pricing authorities, and the on-grid tariff for qualified projects can be formed through competitive allocation. For on-grid tariff higher than the local benchmark price of coal-fired power generation, the power grid companies shall settle the portion within the benchmark price.
- On 20 June 2021, the NEA issued the Notice on Submitting the County (City, District) Roof Distributed PV Development Pilot Scheme (《關於報送整縣(市、區)屋頂分布式光伏開發試點方案的通知》), which requires to start the pilot work on promoting roof distributed PV development within the entire county (city, district), clarifies the requirements for the pilot scheme application, stipulates the minimum requirements for the proportion of PV power generation that can be installed on the roofs of specific public buildings and rural residential buildings. It will fully mobilize and leverage the initiative of the local strength, integrate resources to achieve intensive development, and further accelerate the promotion of the roof distributed PV development.



- On 20 October 2021, the NEA issued the Notice on Actively Promoting the Relevant Works on the Full Extent of Grid-connection and Utilisation of New Energy Power Generation Projects (《關於積極推動新能源發電項目能併盡併、多發滿發有關工作的通知》), which requires all power grid companies to take effective measures to ensure timely grid connection for wind power and PV power generation projects that meet the grid connection conditions in accordance with the principle of “connecting to the grid whenever it can (能併盡併)”; to implement the system of prioritizing power generation in accordance with the principle of “generating power to the full extent (多發滿發)” to further enhance power supply capacity; and to fully connect with the construction of new energy power generation projects to ensure simultaneous operation by increasing efforts in the overall planning and coordination and speeding up the construction of supporting grid connection projects for wind power and PV power generation projects.
- On 26 October 2021, the State Council of the People’s Republic of China issued the Action Plan for Carbon Emissions Peak by 2030 (《2030年前碳達峰行動方案》), which proposes the main goals including increasing the proportion of consumption of non-fossil energy, improving energy efficiency and reducing carbon dioxide emissions: by 2025, reaching the proportion of consumption of non-fossil energy to around 20%, reducing power consumption per unit of GDP by 13.5% compared with that in 2020, and reducing the carbon dioxide emission per unit of GDP by 18% compared with that in 2020, so as to lay a solid foundation for achieving carbon emissions peak; by 2030, reaching the proportion of non-fossil energy consumption to around 25%, reducing the carbon dioxide emission per unit of GDP by more than 65% compared with that in 2005, so as to successfully achieve the goal of carbon emissions peak by 2030.

## 2. Review of Development Status of the Polysilicon Industry

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

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

# Management Discussion and Analysis

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

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

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

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

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

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

## II. PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

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

### 1. Polysilicon Production and Construction Projects

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

## Management Discussion and Analysis

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

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

### 2. Development and Construction of PV and Wind Power Resources

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

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



## Management Discussion and Analysis

- Continuously optimize supplier structure, compile standardised technical specifications, and further reduce the raw material cost of projects through intensive procurement of wind turbines, turbine towers, components, support brackets, transformers, cables and engineering services with relatively uniform standards;
- Reduce engineering construction costs through system design and collector circuit path optimisation, equipment upgrades, application of new materials, etc.;
- Continue to improve and optimize the functions of the E-Cloud Platform and the integrated solution for new energy power plants, monitor the status, diagnose faults and provide predictive maintenance for various types of new energy equipment such as wind turbines, components and inverters, enhance the operation and maintenance service capability of power plants, increase power generation and reduce the cost of power generation.

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

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

### 3. Operation of Wind Power and PV Power Plants

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

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

## Management Discussion and Analysis

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

### 4. Technology and R&D

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

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





## Management Discussion and Analysis

In terms of the development and construction of wind power and PV resources, the Group initiated projects and pilot projects based on clients' needs regarding the planning of integrated energy services in the park, the development of energy management platform, the integration of generation, grid, load and energy storage, multi-energy complementarity, the simulation of integrated energy flexible direct current transmission, etc. to conduct cost difference impact analysis for different sizes of large silicon modules so as to provide a basis for the design of the subsequent project construction. The Group's "Key Technology and Application of Automatic Synchronous Operation and Active Support of PV Storage System (光儲系統自主同步運行與主動支撐關鍵技術及應用)" won the first prize from the Science and Technology Advancement Award of Xinjiang Uygur Autonomous Region, the "Research and Application of PWM Theory for Optimization of Output Performance of Multilevel Converter (面向多電平變流器輸出性能優化的PWM理論研究及應用)" won the second prize from the Advanced Technology Award of China Power Supply Society, and the "Research on Design and Integration Technology of 100MW Smart PV System and Research on Key Equipment (1百兆瓦級智能光伏系統設計集成技術研究及關鍵設備研製)" jointly developed with Xi'an Jiaotong University won the second prize from the Advanced Technology Award of Xinjiang Uygur Autonomous Region. The I-V scanning and intelligent diagnosis system developed by the Group received the highest level of certification from the China General Certification Center, improving fault diagnosis function and scanning speed, reducing the number of manual inspections and fault loss power as well as site inspection and testing costs. The Group's  $\pm 800\text{kV}/3000\text{MW}$  flexible direct current transmission system converter valve and valve control products successfully passed the product certification of the China Electrical Equipment Industry Association, the overall technology of which is at the international leading level.

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

### 5. Safety and Environmental Protection Construction

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

## Management Discussion and Analysis

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

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

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

## Management Discussion and Analysis

### 6. Talent Team Building

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

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

## III. OPERATING RESULTS AND ANALYSIS

### FINANCIAL REVIEW:

#### Revenue

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

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

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

## Management Discussion and Analysis

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

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

### Cost

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

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

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

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



## Management Discussion and Analysis

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

### Gross profit and gross profit margin

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

### Selling expenses

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

### Administrative expenses

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

### R&D expenses

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

# Management Discussion and Analysis

## Financial expenses

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

## Investment income

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

## Income tax expenses

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

## Net profit attributable to shareholders of the listed company

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

## Profit or loss attributable to non-controlling interests

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

## Cash flows

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



## Management Discussion and Analysis

### Net cash flow generated from operating activities

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

### Net cash flow generated from investing activities

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

### Net cash flow generated from financing activities

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

### Operation fund

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

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

The required capital fund of the construction and operation of wind power and PV power plants businesses in which the Group is engaged generally accounts for 20%–30% of the total investment of a project, the rest of which is mainly bank loans that could materially affect the Group's gearing ratio. As of 31 December 2021, the gearing ratio of the Group was 53.49% while that as of 31 December 2020 was 86.55%. Gearing ratio was calculated as its net debt divided by total equity, where net debt is total interest-bearing liabilities less restricted cash and cash and cash equivalents.

## Management Discussion and Analysis

The Group's wind power and PV power plants under construction and completed pending for transfer were included in the inventory item, and whether the wind power and PV power plants can be transferred in time is significantly important for the Group's inventory turnover rate and turnover days. The inventory turnover rate and turnover days of the Group were 4.46 times and 80.72 days as of 31 December 2021, respectively, and the inventory turnover rate and turnover days of the Group were 4.56 times and 79.02 days as of 31 December 2020, respectively.

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

### Capital expenditure

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

### Pledge of assets

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

### Capital liquidity

As of 31 December 2021, current assets of the Group amounted to RMB23,888.32 million, among which, RMB5,379.01 million was monetary capital; RMB4,940.06 million was inventories and contract assets; RMB11,514.81 million was accounts receivable, notes receivable and receivables financing, primarily consisting of the receivables of construction and operation of wind power and PV power plants and receivables of sales of inverters; and RMB1,977.46 million was other receivables, prepayments and other current assets, primarily consisting of advances, prepayments and deductible VAT.

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



## Management Discussion and Analysis

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

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

### Credit risk

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

### Foreign exchange risk

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

### Interest rate risk

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

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

# Management Discussion and Analysis

## **Contingent liabilities**

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

## **Employees, remuneration, retirement and employees benefit scheme**

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

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

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

On 18 June 2021, the Company, Inner Mongolia Xinte and the Investors entered into the capital injection agreement. The Company and the Investors injected capital of RMB2.81 billion and RMB0.63 billion to Inner Mongolia Xinte, respectively. The shareholding of the Company in Inner Mongolia Xinte was reduced from 100% to 82% upon completion of the capital injection. Please refer to the announcement dated 18 June 2021 and the circular dated 6 August 2021 of the Company for details.

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

## **Future plans for material investment or capital asset**

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

### Significant investments

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

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

## IV. PROSPECTS

### Market Prospects

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

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

### Business Plan in 2022

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

# Management Discussion and Analysis

## 1. Production Capacity Expansion Plan

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

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

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



### 2. Quality Improvement Plan

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

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

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

### 3. Costs Management and Control Plan

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

## Management Discussion and Analysis

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

#### 4. Technology Innovation Plan

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

#### 5. Human Resources Plan

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

### V. RISK FACTORS AND RISK MANAGEMENT

#### 1. Risks associated with Changes in Policies

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

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

#### 2. Risks associated with Technology and New Product Substitution

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

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

#### 3. Risks associated with Intensified Market Competition

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

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

#### 4. Risks associated with decreasing price of polysilicon

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

## Management Discussion and Analysis

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

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

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

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

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

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

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

### 7. Risks associated with the Impact by the Pandemic

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

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

# Profile of Directors, Supervisors and Senior Management

## DIRECTORS

### Executive Directors

**Mr. Zhang Jianxin**, aged 49, currently serves as chairman and executive Director, and the general manager of Sunoasis. Mr. Zhang holds a PhD degree, and he is also an economist of economic management. Mr. Zhang worked as the director of Investment and Development Department, and the deputy chief economist of TBEA, etc. Mr. Zhang has served as an executive Director of the Company since February 2008, and also served as the chairman since July 2012.

**Mr. Yin Bo**, aged 43, currently serves as an executive Director and general manager. Mr. Yin is a PhD and is a chief senior engineer with a major in chemical engineering. Mr. Yin served as a clerk of polysilicon preparatory team of TBEA, the head of technology department, deputy chief engineer, the general manager of polysilicon workshop, and the deputy general manager of the Company, etc. Mr. Yin has served as an executive Director and deputy general manager of the Company since June 2015, and also served as executive Director and general manager of the Company since March 2016.

**Mr. Xia Jinjing**, aged 41, currently serves as an executive Director and general manager of Inner Mongolia Xinte and served as the deputy general manager of the Company during the Reporting Period. Mr. Xia holds a master's degree and is a chief senior engineer with a major in chemical engineering. He served as a technician at Sichuan Yibin Tianyuan Co., Ltd. (四川宜賓天原股份有限公司), a process engineer at Chengdu Wuhuan Xinrui Chemical Co., Ltd. (成都五環新銳化工有限公司), a deputy general manager at Chongqing Daquan New Energy Co., Ltd. and the process engineer, the general manager of the second branch, the general manager of polysilicon business, the deputy general manager of the Company, etc. Mr. Xia had served as executive Director and deputy general manager of the Company since June 2018 and resigned as the deputy general manager of the Company in August 2021.

### Non-executive Directors

**Mr. Zhang Xin**, aged 60, currently serves as a non-executive Director. Mr. Zhang obtained associate degree, and he is an electrical engineer as well as a senior engineer of machinery and electronics. Mr. Zhang currently serves as the chairman of TBEA, the director of Xinjiang Joinworld, the director of Xinjiang Tebian, etc. Mr. Zhang worked as factory manager of Changji City Special Transformers Factory, the chairman of TBEA Silicon Industry Co., Ltd. (特變電工硅業有限公司) (the predecessor of the Company) and the chairman of Sunoasis. Mr. Zhang has served as a non-executive Director of the Company since February 2008.

**Mr. Huang Hanjie**, aged 43, currently serves as a non-executive Director. Mr. Huang holds a master's degree and is a senior accountant. He currently serves as a director and the general manager of TBEA, the chairman of the supervisory board of Xinjiang Joinworld, etc., and previously served as a deputy director of the finance department, director of the finance department, deputy chief accountant, deputy general manager, executive general manager of TBEA, etc. Mr. Huang has served as a non-executive Director of the Company since June 2021.

## Profile of Directors, Supervisors and Senior Management

**Ms. Guo Junxiang**, aged 51, currently serves as a non-executive Director. Ms. Guo obtained bachelor's degree and is a senior economist in industrial economics. Ms. Guo currently serves as the director of TBEA. She worked as deputy director of general manager office, director of bond department and the board secretary of TBEA. Ms. Guo has served as a non-executive Director of the Company since February 2008.

**Mr. Qin Xiaodong**, aged 40, served as a non-executive Director of the Company during the period from June 2020 to January 2021. Mr. Qin holds a master's degree, and he is a certified public accountant and a chartered financial analyst in the PRC. He was an auditor, senior auditor and manager of Shanghai Branch of Ernst & Young Hua Ming LLP, the finance due diligence director in Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司), and the project audit manager in the capital operation center of China Minsheng Investment Co., Ltd. (中國民生投資股份有限公司).

### Independent Non-executive Directors

**Mr. Cui Xiang**, aged 61, currently serves as an independent non-executive Director. Mr. Cui holds a PhD degree and the title of professor. Mr. Cui currently serves as a professor and doctoral supervisor of North China Electric Power University, an executive director of the China Electrotechnical Society, etc. He has won the Outstanding Contribution Award for China Electric Power Science and Technology\* (中國電力科學技術傑出貢獻獎), and the honorary titles including "Significant Contribution Expert for State Grid UHV DC Demonstration Project"\* (國家電網特高壓直流示範工程重要貢獻專家), and "Special Contribution Expert for State Grid UHV AC Test Demonstration Project"\* (國家電網特高壓交流試驗示範工程特殊貢獻專家). Mr. Cui has served as an independent non-executive Director of the Company since June 2021.

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

**Mr. Chen Weiping**, aged 65, currently serves as an independent non-executive Director. Mr. Chen holds a bachelor's degree and is a professor-level senior engineer. Mr. Chen currently serves as a re-appointed technical expert of Hualu Engineering & Technology Co., Ltd. (華陸工程科技有限責任公司), and previously served as an assistant engineer, engineer, senior engineer, deputy chief engineer, chief engineer of the medical department, director of the process office, professor-level senior engineer, etc. in the Sixth Design Institute of the Ministry of Chemical Industry\* (化工部第六設計院) and China Hualu Engineering Company\* (中國華陸工程公司) (currently known as Hualu Engineering & Technology Co., Ltd.). Mr. Chen was awarded the honorary titles including "Master of Engineering Survey and Design in the Petroleum and Chemical Industry"\* (石油和化工行業工程勘察設計大師), "Model Worker of Shaanxi Province"\* (陝西省勞動模範), "Master of Survey and Design in Shaanxi Province"\* (陝西省勘察設計大師), "Master of Engineering Design in Shaanxi Province"\* (陝西省工程設計大師) and "Construction Craftsman for the 70th Anniversary of the Founding of China"\* (中國成立七十周年建築工匠), and enjoys the "Special Allowance of the State Council"\* (國務院特殊津貼). Mr. Chen has served as an independent non-executive Director of the Company since June 2021.

**Mr. Tam, Kwok Ming Benny**, aged 59, currently serves as an independent non-executive Director. Mr. Tam is a certified public accountant in Hong Kong, a Chartered Certified Accountant, and a practising certified public accountant in Hong Kong. Mr. Tam currently serves as a partner of YATA Certified Public Accountants. He previously served as an auditor, audit manager, and partner of Ho and Ho & Company and a practicing director of ShineWing (HK) CPA Limited. Mr. Tam has served as an independent non-executive Director of the Company since June 2021.



## Profile of Directors, Supervisors and Senior Management

**Mr. Qin Haiyan**, aged 52, served as an independent non-executive Director during the Reporting Period. Mr. Qin holds a master's degree, and he currently serves as director of China General Certification Center Co., Ltd. (北京鑒衡認證中心有限公司), the secretary general of the Professional Wind Energy Committee under China Renewable Energy Society (中國可再生能源學會風能專業委員會), executive director of China Renewable Energy Society (中國可再生能源學會), the deputy director of Weather Resources Applications Research Committee in the Chinese Meteorological Society (中國氣象學會氣候資源應用研究委員會), a member and a deputy secretary general of the Technical Committee under National Wind Power Equipment Standardization (SAC/TC50) (全國風力機械標準化技術委員會), the vice-chairman of the IEC System For Certification to Standards Relating to Equipment for Use in Renewable Energy Applications (IECRE) (國際電工委員會可再生能源設備認證互認體系), the deputy chairman of World Wind Energy Association, a deputy director member of the Renewable Energy Committee under China Energy Research Society, the vice president of China Association for Consumer Products Quality and Safety Promotion, etc. Mr. Qin had served as an independent non-executive Director of the Company during the period from June 2015 to June 2021.

Mr. Qin currently serves as an independent non-executive director of Ningxia Jiaze New Energy Co., Ltd. (寧夏嘉澤新能源股份有限公司) (Stock code: 601619.SH), independent non-executive Director of CECEP Windpower Corporation (中節能風力發電股份有限公司) (Stock code: 601016.SH), Shenergy Company Limited (申能股份有限公司) (Stock code: 600642.SH), and Nyocor Co., Ltd. (金開新能源股份有限公司) (Stock code: 600821.SH).

**Mr. Yang Deren**, aged 58, served as an independent non-executive Director during the Reporting Period. Mr. Yang holds a PhD degree and the title of professor. He is an academician of the Chinese Academy of Sciences (中國科學院院士), a Distinguished Professor under the Yangtze River Scholar Award Scheme (長江學者獎勵計劃特聘教授) and a Senior Specialist of Zhejiang Province (浙江省特級專家). Currently he serves as director of the Engineering Department and the director of the Institute of Semiconductor Materials (半導體材料研究所所長) in Zhejiang University (浙江大學), the President of Zhejiang University Ningbo Institute of Technology, the leader of Innovation Research Group of the National Science Fund (國家自然科學基金), Core Fields Innovation Team of the Ministry of Science and Technology, Yangtze River Scholar Innovation Team of the Ministry of Education and core technology innovation team of Zhejiang Province. He was awarded the honour of the China Youth Science and Technology Award (國家傑出青年基金) and the 9th Chinese Youth Science and Technology Prize (第九屆中國青年科技獎), leader of "State Special Support Program for Excellent Talents" (國家高層次人才特殊支持計劃). Mr. Yang was awarded the National Natural Science Award (Second Class Award) by his research project on "silicon doped nitrogen with single crystal helium and relevant defect (摻氮直接硅單晶氮及相關缺陷的研究項目)" as well as the "controllable plant and its mechanism of one-dimensional nanometer semiconductor materials (一維納米半導體材料的可控生產長及其機理)". Mr. Yang had served as an independent non-executive Director of the Company during the period from June 2015 to June 2021.

Mr. Yang currently serves as an independent non-executive director of Zhejiang Jingsheng Mechanical & Electrical Co., Ltd. (浙江晶盛機電股份有限公司) (Stock code: 300316.SZ), and independent non-executive director of Zhejiang MTCN Technology Co., Ltd. (浙江中晶科技股份有限公司) (Stock code: 003026.SZ).

## Profile of Directors, Supervisors and Senior Management

**Mr. Wong, Yui Keung Marcellus**, aged 68, served as an independent non-executive Director during the Reporting Period. Mr. Wong obtained bachelor's degree, and he is a Certified Tax Adviser in Hong Kong and a Fellow of the Hong Kong Institute of Certified Public Accountants as well as CPA Australia. Mr. Wong currently serves as director of AMTD International Inc. (尚乘國際有限公司) (Stock code: NYSE: HKIB/SGX: HKB), vice chairman of the board of AMTD Group, supervisor of Jiangxi Bank Co., Ltd. (江西銀行股份有限公司) (Stock code: 01916.HK), chairman of the advisory board of the Taxation Institute of Hong Kong and honorary adviser of CPA Australia. He served as a partner of PwC, a member of the Working Group on Long-Term Fiscal Planning of the Government of the Hong Kong Special Administration Region, the president of the Taxation Institute of Hong Kong and the president of CPA Australia (Greater China Division). Mr. Wong had served as an independent non-executive Director of the Company during the period from June 2015 to June 2021.

### SUPERVISORS

**Mr. Chen Qijun**, aged 51, currently serves as a chairman of Supervisory Board. He obtained an associate degree, and is a senior economist of economic management, senior enterprise risk manager and senior credit manager. Mr. Chen is now serving as the chairman of supervisory board, chief compliance officer and secretary of the disciplinary inspection committee of TBEA. He worked as the deputy factory manager and executive deputy factory manager of Xinjiang Transformers Factory of TBEA, the general manager of TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司), and the deputy general manager of TBEA. Mr. Chen has served as a Supervisor of the Company since June 2015.

**Mr. Han Shu**, aged 44, currently serves as a Supervisor. He holds a bachelor's degree and is a qualified lawyer. He currently serves as the director of legal affairs department of TBEA. He previously served as the head of factory and the head of risk management department of TBEA Transformers Factory in Xinjiang, the director of risk management department, the deputy director and the director of legal affairs department of TBEA, as well as the deputy director of the audit department of TBEA. Mr. Han has served as a Supervisor of the Company since June 2018.

**Mr. Hu Shujun**, aged 49, currently serves as a Supervisor, obtained master's degree and is a senior electrical engineer. Mr. Hu now serves as chairman and general manager of Xinjiang Tebian and a Director of Xinjiang Communications Construction Group Co., Ltd. (新疆交通建設集團股份有限公司) (Stock code: 002941.SZ). He worked as iron core workshop director, head of production department, assistant to the factory manager and deputy factory manager of TBEA Xinjiang Transformers Factory, and the assistant to the general manager and deputy general manager of TBEA. Mr. Hu has served as a Supervisor of the Company since June 2015.

**Mr. Cao Huan**, aged 38, currently serves as an employee representative Supervisor and secretary of discipline inspecting department. He obtained bachelor's degree. He worked as the purchasing supervisor of purchase department, assistant to the director of audit department, deputy director of audit department and director of audit department. Mr. Cao has served as a Supervisor of the Company since June 2015.

## Profile of Directors, Supervisors and Senior Management

**Mr. Guo Hao**, aged 43, currently serves as an employee representative Supervisor and the director of legal affairs department of Sunoasis. He holds a master's degree and is a qualified lawyer. He previously served as a legal specialist of Shandong Qingdao Rongtai Foundry Machinery Co., Ltd.\* (山東省青島榮泰鑄造機械有限責任公司), a legal manager of Xi'an Dongqing Optoelectronics Technology Co., Ltd.\* (西安東慶光電科技有限公司), a legal manager of Yulin Jiaxian Tianbao Technology Industry and Trade Co., Ltd.\* (榆林佳縣天寶科工貿有限公司), a legal supervisor and deputy director of legal affairs department of Sunoasis. Mr. Guo has served as a Supervisor of the Company since June 2021.

**Mr. Ma Junhua**, aged 45, served as an employee-representative Supervisor during the Reporting Period. He holds a bachelor's degree. He is a certified public accountant and a certified tax accountant. Mr. Ma currently serves as the general manager of the system integration division of Sunoasis. He previously served as the head of the finance department, the head of the corporate management department, the executive deputy general manager and assistant to the general manager of the integration business division of Sunoasis. Mr. Ma had served as a Supervisor of the Company during the period from June 2018 to June 2021.

### SENIOR MANAGEMENT

**Mr. Yin Bo**, aged 43, currently serves as an executive Director and general manager. Biographical details of Mr. Yin are set out on page 35 of this annual report.

**Mr. Xia Jinjing**, aged 41, had served as the deputy general manager of the Company during the period from June 2018 to July 2021. Biographical details of Mr. Xia are set out on page 35 of this annual report.

**Mr. Hu Haiyong**, aged 53, currently serves as the deputy general manager, with a master's degree and the title of chief senior petrochemical engineer. Mr. Hu served as a technician, engineer, director, secretary and deputy chief engineer of the fertilizer plant of Urumqi petrochemical branch of PetroChina Company Limited and the general manager of the Company's polysilicon business. Mr. Hu has served as the deputy general manager of the Company since 25 March 2022.

**Mr. Gan Xinye**, aged 46, currently serves as a deputy general manager. He holds a master's degree and is an electrical engineer. Mr. Gan worked as the director of Inner Mongolia Office of TBEA Heng-yang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司), head of strategic development department, deputy general manager of marketing department, assistant to the general manager and general manager of international complete engineering branch of the Company. Mr. Gan has served as a deputy general manager of the Company since December 2012.

**Mr. Yang Long**, aged 46, currently serves as a deputy general manager. He holds a bachelor's degree and is a senior economist. Mr. Yang has served as cashier of Huilai City Credit Cooperative (惠來城市信用社) in Urumqi, accountant of Longda Group's Xinjiang Branch (龍大集團新疆分公司), director of finance department and business administration department of Sunoasis, director of the finance department, and assistant to general manager of the Company. Mr. Yang has served as deputy general manager of the Company since June 2018.

## Profile of Directors, Supervisors and Senior Management

**Mr. Li Xiliang**, aged 42, currently serves as a deputy general manager. He holds a PhD degree and is a chief senior engineer with a major in mechatronics. He has served as designer in the design office of TBEA Xinjiang Transformers Factory, assistant to the director and deputy director of TBEA's technology management department, director of the technology management department and deputy chief engineer of the Company. Mr. Li has served as deputy general manager of the Company since June 2018.

**Mr. Liu Xiubing**, aged 44, currently serves as a deputy general manager. He holds a bachelor's degree, and is a registered safety engineer and a senior engineer in safety engineering. He served as the manager of the safety and environment management department of Zhejiang Huahai Pharmaceutical Co., Ltd., the director of the safety and environment management department and assistant to the general manager of the Company. Mr. Liu has served as the deputy general manager of the Company since February 2021.

**Mr. He Yongjian**, aged 55, served as the chief mechanical engineer during the Reporting Period. He holds a bachelor's degree and is a senior mechanical engineer. Mr. He worked as deputy equipment director and team leader of the mechanical team of Lanhua Synthetic Rubber Factory (蘭化合成橡膠廠), deputy manager of polypropylene project department under the large-scale ethylene project commanding department (大乙烯指揮部聚丙稀項目), director of mechanics division and deputy chief equipment engineer of the project department of the polyolefin business unit (聚烯烴事業部) of the ethylene plant of Lanzhou Petrochemical Company as well as deputy chief mechanical engineer and deputy chief equipment engineer of the Company. Mr. He had served as the chief mechanical engineer of the Company from June 2015 to April 2021.

**Mr. Zheng Weijie**, aged 44, currently serves as the chief accountant. He holds a bachelor's degree and is an intermediate economist. Mr. Zheng worked as a bank and tax accountant and the head of financing in the finance department, and director of the fund management center of TBEA; deputy chief accountant and chief accountant of Sunoasis. Mr. Zheng has served as the chief accountant of the Company since June 2015.

**Ms. Zhang Juan**, aged 33, currently serves as the secretary to the Board and the joint company secretary. She holds a bachelor's degree, and is a Certified General Accountant of Canada (加拿大註冊會計師) and intermediate economist. Ms. Zhang served as a staff member in the securities department of TBEA and assistant to head of securities department of the Company. Ms. Zhang has served as the secretary to the Board and the joint company secretary of the Company since June 2015.

# Report of the Board of Directors

## PRINCIPAL ACTIVITIES

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

## MANAGEMENT DISCUSSION AND ANALYSIS

The details of management discussion and analysis of the Company during the year are set out on pages 11 to 34 of this annual report.

## RESULTS

The audited results of the Group for the year ended 31 December 2021 are set out in the Consolidated Statement of Income on pages 109 to 111. The financial position of the Group as at 31 December 2021 is set out in the Consolidated Balance Sheet on pages 103 to 105. The consolidated cash flows of the Group for the year ended 31 December 2021 are set out in the Consolidated Statement of Cash Flows on pages 114 to 115. The discussion and analysis on result performances and the important factors affecting the results and financial position of the Group during the year are set out in the Management Discussion and Analysis on pages 21 to 29 of this annual report.

## SHARE CAPITAL

As of 31 December 2021, the structure of the issued share capital of the Company is as follows:

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

### Placing of H Shares and Issuance of Domestic Shares

To seize the opportunity of rapid development of new energy industry worldwide, increase scale of polysilicon production, increase the development of wind and PV power resources, expand the Group's operation scale, enhance the financial strength, and enhance the market competitiveness and profitability, on 12 August 2021, the Company completed placing of new H Shares under the general mandate by placing 62,695,126 new H Shares at a placing price of HK\$16.5 per Share, with net proceeds (after deduction of the related costs) from the placing amounting to approximately HK\$1,017 million in total (the "Placing of H Shares"). On 28 September 2021, the Company completed the non-public issuance of 167,304,874 Domestic Shares to TBEA under the special mandate at a price of RMB13.73 per Domestic Share, with net proceeds (after deduction

## Report of the Board of Directors

of the related costs) amounting to approximately RMB2,293 million (the “**Issuance of Domestic Shares**”). On 4 August 2021 (being the last trading day in respect of the Shares prior to the date of the subscription agreement entered into between the Company and TBEA and H Shares placing agreement entered into between the Company and China International Capital Corporation Hong Kong Securities Limited), the closing price of the H Shares of the Company quoted on the Stock Exchange was HK\$19.14.

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

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

Details of movements in the share capital of the Company during the year are set out in note VI. 36 to the consolidated financial statements on page 230 of this annual report.

## USE OF PROCEEDS

### Placing of H Shares

The net proceeds from the Placing of H Shares amounted to approximately RMB849.58 million, which will be used for the construction of the 100,000-ton Polysilicon Project in Inner Mongolia. As of 31 December 2021, the above proceeds have been fully utilized.

### Issuance of Domestic Shares

The net proceeds from the Issuance of Domestic Shares amounted to approximately RMB2,293.48 million. As of 31 December 2021, the details of the use of the proceeds from the Issuance of Domestic Shares are as follows:

Use of proceeds	Allocation Amount (RMB million)	Utilized Proceeds (RMB million)	Unutilized Proceeds (RMB million)
1 Construction of the 100,000-ton Polysilicon Project in Inner Mongolia	2,000.00	1,549.78	450.22
2 Replenishment of working capital for the development of wind power and PV resources	293.48	292.92	0.56
Total	2,293.48	1,842.70	450.78





## Report of the Board of Directors

The Company has deposited the unutilized proceeds from the Issuance of Domestic Shares with licensed banks in the PRC as demand deposits. It is expected that the Company will fully commit and utilize the proceeds by 31 December 2022 in accordance with the construction progress and working capital of the project.

### PROFITS DISTRIBUTABLE TO SHAREHOLDERS

As of 31 December 2021, the Company had profits distributable to shareholders of RMB4,104,154,802.33.

### RESERVES

Details of movements in the reserves of the Company during the year are set out in Note VI. 39 and Note VI. 40 to the consolidated financial statements.

### DIVIDEND POLICY

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

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

### PROFIT DISTRIBUTION AND PROPOSED DIVIDEND

On 25 March 2022, the Board proposed the distribution of a final dividend of RMB1.10 per share (tax inclusive) for the year ended 31 December 2021, after the appropriations to the statutory surplus reserve according to the relevant regulations. The proposal of distributing final dividend is subject to the approval by Shareholders at the 2021 annual general meeting (the "**AGM**"), and such dividend (if approved) is expected to be paid before Wednesday, 20 July 2022. Details of the dividend payment will be announced after the holding of the AGM.

The distribution of dividend will be completed within two months after the AGM (if approved). The final dividend will be paid in RMB to the holders of Domestic Shares and in Hong Kong dollars to the holders of H Shares. The actual amount of dividend for H Shares to be paid in Hong Kong dollars is calculated based on the average of the middle rate of RMB against Hong Kong dollars for five business days preceding the date of approval of the dividend declaration at the AGM published by the People's Bank of China.

## Report of the Board of Directors

### CLOSURE OF REGISTER OF MEMBERS

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

In order to determine shareholders who are entitled to attend and vote at the AGM to be held on Friday, 20 May 2022, the register of members of the Company will be closed from Saturday, 14 May 2022 to Friday, 20 May 2022, both days inclusive. Holders of H shares and domestic shares whose names appear on the register of members of the Company on Friday, 20 May 2022 are entitled to attend and vote at the AGM. Holders of H shares who intend to attend and vote at the AGM must lodge all transfer documents accompanied by the relevant H share certificates with the Company's H share registrar mentioned above no later than 4:30 p.m. on Friday, 13 May 2022 for registration. Holders of domestic shares of the Company who intend to attend and vote at the AGM shall lodge all transfer documents accompanied by the relevant domestic share certificates with the office of the Board secretary of the Company at No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC no later than 4:30 p.m. on Friday, 13 May 2022 for registration.

### WITHHOLDING AND PAYMENT OF FINAL DIVIDEND INCOME TAX

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

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

#### Withholding and Payment of Individual Income Tax on Behalf of Overseas Individual Shareholders

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

- For individual holders of H Shares who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these individual holders of H Shares in the distribution of the final dividend;



## Report of the Board of Directors

- For individual holders of H Shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual holders of H Shares in the distribution of the final dividend. If relevant individual holders of H Shares would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Notice (《税收通知》). Qualified shareholders shall submit in time a written letter of entrustment and all application materials as required under the Tax Notice to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited. The Company will then submit the above documents to competent tax authorities and, after their examination and if and when approved, the Company will assist in refunding the excess amount of tax withheld and paid;
- For individual holders of H Shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these individual holders of H Shares in the distribution of the final dividend; and
- For individual holders of H Shares whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these individual holders of H Shares in the distribution of the final dividend.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Save for the Placing of H Shares as set out in the "SHARE CAPITAL", the Group has not purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2021.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, the Group's operating revenue attributed to its top five major customers and the largest customer accounted for 41.86% and 14.53% of the Group's operating revenue, respectively.

During the same period, the Group's procurement amounts attributed to its top five major suppliers and the largest supplier accounted for 21.88% and 7.20% of the Group's total procurement amount, respectively.

## Report of the Board of Directors

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

TBEA Group was one of the five major suppliers of the Group for the year ended 31 December 2021, and directly or indirectly owned 66.61% equity interest in the Company as of the date of this report.

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

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

## RELATIONSHIP WITH EMPLOYEES

With an emphasis on the corporate culture of “Developing for Employees and Relying on Employees, Sharing Development Achievements with Employees” and by actively implementing the philosophy of “Creation and Share”, the Group further deepens livelihood-related projects and continuously promotes the construction of harmonious enterprise. In 2021, focusing on the most needed, most urgent and most direct livelihood issues concerning most of the employees, the Group conducted “Livelihood-Related Projects” for its employees to address their concerns regarding children's education, support offered to financially stressed employees, health care, training and employee marriage, and delivered a satisfactory “livelihood-related answer sheet” to its employees with practical actions, thus improving the production, living, working and learning environment and welfares of its employees.

Meanwhile, the Group's employees have no less than one meeting with their superiors on a regular basis each year based on their positions and responsibilities to discuss their work performance and challenges they are facing, and set their goals and achieve them. The Group will evaluate their working quality, attitude and space for improvement and performance, which are considered as the evaluation bases of significant decision-making, such as wage/salary adjustment, promotion/demotion and job relocation. Employees can also receive guidance and consultation, training or career development plan as appropriate. For details of staff development and training, please refer to the environmental, social and governance report in 2021 to be issued by the Company in due course.

## BANK BORROWINGS AND OTHER BORROWINGS

Details of the bank borrowings and other borrowings of the Group as at 31 December 2021 are set out in Note VI. 22 and Note VI. 31 to the consolidated financial statements.

### CHARITABLE DONATION

For the year ended 31 December 2021, the Group has made charitable donations of approximately RMB0.1 million in total mainly for the infrastructure construction in Wuchuan County, Inner Mongolia.

### BUILDING STRUCTURES AND EQUIPMENT

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

### DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographies of Directors, Supervisors and senior management of the Company for the year ended 31 December 2021 are set out on pages 35 to 40 of this report.

The Company has received annual confirmations from each of the independent non-executive Directors as to their respective independence in accordance with Rule 3.13 of the Listing Rules, and therefore considers all independent non-executive Directors to be independent of the Company.

### SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

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

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

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

## Report of the Board of Directors

### DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT'S REMUNERATION

Details of the remuneration of the Directors and Supervisors of the Company for the year ended 31 December 2021 are as follows:

	<b>Total RMB'000</b>
<b>Executive Directors</b>	
Zhang Jianxin	8,794.67
Yin Bo	10,027.30
Xia Jinjing	5,123.51
<b>Non-executive Directors <sup>(1)</sup></b>	
Zhang Xin	—
Guo Junxiang	—
Huang Hanjie	—
Qin Xiaodong (resigned on 11 January 2021)	—
<b>Independent Non-executive Directors</b>	
Cui Xiang	60
Chen Weiping	60
Tam, Kwok Ming Banny	60
Yang Deren (retired on 16 June 2021)	60
Qin Haiyan (retired on 16 June 2021)	60
Wong, Yui Keung Marcellus (retired on 16 June 2021)	60
<b>SUPERVISORS</b>	
Chen Qijun <sup>(2)</sup>	—
Han Shu <sup>(2)</sup>	—
Hu Shujun <sup>(2)</sup>	—
Ma Junhua (retired on 16 June 2021)	10,527.66
Cao Huan	1,143.95
Guo Hao	581.60

Notes:

- (1) Non-executive Directors would not receive any remuneration from the Company.
- (2) Mr. Chen Qijun, Mr. Han Shu and Mr. Hu Shujun are Supervisors appointed by the Shareholders and shall not receive any remuneration from the Company.



## Report of the Board of Directors

The emoluments of the senior management of the Company for the year ended 31 December 2021 are within the following bands:

<b>Remuneration bands</b>	<b>No. of persons</b>
RMB1,000,000 to RMB3,000,000	<b>3</b>
RMB3,000,001 to RMB5,000,000	<b>4</b>
RMB5,000,001 to RMB9,600,000	<b>1</b>

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

1. The Company will pay each independent non-executive Director RMB120,000 annually (before tax, paid on a quarterly basis, the Company being responsible for withholding and paying individual income tax). Travel expenses incurred by independent non-executive Directors in attending Board meetings, general meetings and relevant activities organised by the Board will be borne by the Company;
2. Non-executive Directors not holding offices in the Company will not receive any remuneration from the Company;
3. Executive Directors holding offices in the Company will receive their remuneration from the Company. The remuneration of an executive Director will be determined based on the senior management position held by such executive Director in accordance with rules relating to the management of remuneration of the Company; and
4. Supervisors not holding offices in the Company will not receive any remuneration from the Company; employee supervisors of the Company will receive their remuneration from the Company where they currently hold a position. The remuneration of an employee Supervisor of the Company will be determined with reference to the duties of the management position where he/she holds in accordance with rules relating to the management of remuneration of the Company.

## INTEREST OF DIRECTORS AND SUPERVISORS IN CONTRACTS

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

## INTEREST OF DIRECTORS IN COMPETING BUSINESS

For the year ended 31 December 2021, none of the Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

## Report of the Board of Directors

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

As at 31 December 2021, so far as known to the Company, the interest and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) (a) which will have to be notified to the Company and the Stock Exchange (including those taken or deemed to be owned by them under such provisions of the SFO); or (b) which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) are as follows:

Name	Nature of Interest	The Company/ associated corporation	Number/type of shares of the Company/associated corporation held	Approximate percentage of shareholdings in the total share capital of the Company/associated corporation <sup>(1)</sup>	Approximate percentage of shareholdings in the relevant class of shares of the Company <sup>(2)</sup>	Long position/ short position
<b>DIRECTORS</b>						
Mr. Zhang Xin	Interest in a controlled corporation <sup>(3)</sup>	The Company	61,143,108 Domestic Shares	4.27%	5.80%	Long position
	Beneficial owner	TBEA <sup>(4)</sup>	406,403 shares	0.01%	N/A	Long position
	Interest in a controlled corporation <sup>(5)</sup>	TBEA <sup>(4)</sup>	446,982,637 shares	11.81%	N/A	Long position
Mr. Huang Hanjie	Beneficial owner	TBEA <sup>(4)</sup>	260,180 shares	0.01%	N/A	Long position
Ms. Guo Junxiang	Beneficial owner	TBEA <sup>(4)</sup>	195,180 shares	0.01%	N/A	Long position
Mr. Zhang Jianxin	Beneficial owner	TBEA <sup>(4)</sup>	279,300 shares	0.01%	N/A	Long position
Mr. Yin Bo	Beneficial owner	TBEA <sup>(4)</sup>	394,600 shares	0.01%	N/A	Long position
Mr. Xia Jinjing	Beneficial owner	TBEA <sup>(4)</sup>	150,000 shares	0.00%	N/A	Long position
<b>SUPERVISORS</b>						
Mr. Han Shu	Beneficial owner	TBEA <sup>(4)</sup>	1,058 shares	0.00%	N/A	Long position
Mr. Hu Shujun	Beneficial owner	TBEA <sup>(4)</sup>	69,376 shares	0.00%	N/A	Long position
Mr. Cao Huan	Beneficial owner	TBEA <sup>(4)</sup>	4,000 shares	0.00%	N/A	Long position
Mr. Guo Hao	Beneficial owner	TBEA <sup>(4)</sup>	2,500 shares	0.00%	N/A	Long position

(1) The calculation is based on the total number of 3,788,550,289 shares of TBEA in issue and 1,430,000,000 shares of the Company in issue as at 31 December 2021.

(2) The calculation is based on the total number of 1,053,829,244 Domestic Shares of the Company in issue as at 31 December 2021.

(3) Mr. Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian, and as at 31 December 2021, Xinjiang Tebian held 4.27% equity interest of the Company.

(4) TBEA is the Company's Controlling Shareholder and therefore an associated corporation (within the meaning of Part XV of the SFO) of the Company. As at 31 December 2021, TBEA held 951,226,161 Domestic Shares (approximately 90.26% of the relevant class of shares) of the Company, and TBEA (HONGKONG) CO., LIMITED, a wholly-owned subsidiary of TBEA, held 1,223,200 H Shares (approximately 0.33% of the relevant class of shares) of the Company, which in total accounted for approximately 66.61% of the total number of issued shares 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.



## Report of the Board of Directors

Save as disclosed above, as at 31 December 2021, none of the Directors, Supervisors and chief executive of the Company had any interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those being taken or deemed to be owned by them under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### **DIRECTOR AND SUPERVISOR INSURANCE**

During the Reporting Period and up to the date of this report, the Company provided the Directors and Supervisors (current and resigned) with liability insurance cover arrangement.

### **PERMITTED INDEMNITY PROVISIONS**

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

### **RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES**

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

### **FINANCIAL, BUSINESS AND FAMILY RELATIONSHIP AMONG THE BOARD MEMBERS**

During the Reporting Period, there was no financial, business or family relationship among the Board members of the Company.

### **STOCK INCENTIVE TO THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

During the Reporting Period, save for disclosed in this report, the Company did not make any stock incentive to the Directors, Supervisors and senior management.

# Report of the Board of Directors

## EVENTS AFTER THE BALANCE SHEET DATE

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

On 15 March 2022, the Board considered and approved resolutions in relation to the Company's proposed initial public offering and listing of not exceeding 300,000,000 A Shares on the main board of the Shanghai Stock Exchange (the "**Proposed A Share Offering**") and related matters. The proceeds to be raised from the Proposed A Share Offering will be used to invest in the construction of the 200,000-ton Polysilicon Project in Zhundong. The total investment of the 200,000-ton Polysilicon Project in Zhundong is approximately RMB17.6 billion, of which RMB8.8 billion will be funded through the capital injection by the proceeds to be raised from the Proposed A Share Offering and internal fundings, and the remainder will be settled through bank loans and other methods. Please refer to the announcement and the circular of the Company dated 15 March 2022 and 19 April 2022, respectively, for details.

### Employee Share Ownership Scheme

On 15 March 2022, the Board considered and approved the proposed adoption of the 2022 employee share ownership scheme. The Company proposed to grant not exceeding 30,000,000 Domestic Shares to the participants of the 2022 employee share ownership scheme including the Company's Directors, supervisors, senior management, middle management, core technical and core business employees, etc. with a total number of participants of not exceeding 500. The grant price was set at RMB13.73 per Domestic Share. Please refer to the announcement and the circular of the Company dated 15 March 2022 and 19 April 2022, respectively, for details.

### Dividend payment

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

The above events after the balance sheet date are subject to Shareholders' approval.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2021, so far as known to the Directors of the Company after reasonable enquiry, the following persons (other than the Directors, Supervisors or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and had been entered in the register required to be kept by the Company according to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Class of Shares held	Number of Shares held	Approximate percentage of shareholdings in the relevant class of Shares of the Company <sup>(1)</sup>	Approximate percentage of shareholdings in the total share capital of the Company <sup>(1)</sup>	Long position/ short position
TBEA	Beneficial owner	Domestic Shares	951,226,161	90.26%	66.52%	Long position
	Interest in a controlled corporation <sup>(2)</sup>	H Shares	1,223,200	0.33%	0.09%	Long position
Xinjiang Tebian	Beneficial owner	Domestic Shares	58,246,308	5.53%	66.61%	Long position
	Interest in a controlled corporation <sup>(3)</sup>	Domestic Shares	2,896,800	0.27%	4.07%	Long position
Mr. Chen Weilin <sup>(4)</sup>	Interest in a controlled corporation	Domestic Shares	61,143,108	5.80%	4.27%	Long position
					4.27%	

### Notes:

- (1) The calculation is based on the total number of 1,430,000,000 shares of the Company in issue as at 31 December 2021, in which 376,170,756 are H Shares and 1,053,829,244 are Domestic Shares.
- (2) A total of 1,223,200 H shares are held by TBEA through TBEA (HONGKONG) CO., LIMITED, a wholly-owned subsidiary of TBEA.
- (3) Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd. (新疆遠卓企業管理諮詢有限公司), a wholly-owned subsidiary of Xinjiang Tebian, holds 2,896,800 Domestic Shares.
- (4) Mr. Chen Weilin holds 33.61% equity interest in Xinjiang Tebian, while Xinjiang Tebian holds 4.27% equity interest of the Company. As a result, Mr. Chen Weilin is deemed to have an interest in all the shares of the Company held by Xinjiang Tebian under the SFO.

## Report of the Board of Directors

Save as disclosed above, as of 31 December 2021, the Directors of the Company are not aware that any other person (other than the Directors, Supervisors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or have to be entered in the register kept by the Company according to Section 336 of the SFO.

### COMPLIANCE WITH OFAC UNDERTAKINGS

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

### MANAGEMENT CONTRACT

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

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

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

### CONNECTED TRANSACTIONS

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

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



## Report of the Board of Directors

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

### The Domestic Share Subscription Agreement Entered into between the Company and TBEA

On 5 August 2021, a domestic share subscription agreement was entered into between the Company and TBEA, pursuant to which, 167,304,874 Domestic Shares were issued to TBEA on 28 September 2021. Net proceeds from the TBEA Subscription (after deducting related costs) was approximately RMB2,293 million. The transaction was completed in September 2021 and details are set out on page 42 of this annual report.

### Non-exempt Continuing Connected Transactions

The Group conducted certain non-exempt continuing connected transactions during the year ended 31 December 2021. The relevant transactions did not exceed the relevant caps announced or approved by Shareholders for the year ended 31 December 2021.

The following table states the annual cap and actual transaction amount of such continuing connected transactions in 2021:

<b>Connected transactions</b>	<b>Connected person</b>	<b>2021 Annual cap (RMB million)</b>	<b>2021 Actual transaction amounts (RMB million)</b>
1. Provision of products for the Group	TBEA	<b>1,600</b>	<b>615.46</b>
2. Provision of coal for the Group	TBEA	<b>500</b>	<b>390.65</b>
3. Provision of miscellaneous services for the Group	TBEA	<b>500</b>	<b>54.44</b>
4. Sales of products to TBEA	TBEA	<b>100</b>	<b>98.22</b>
5. Provision of products for the Group	Xinjiang Tebian	<b>400</b>	<b>33.24</b>
6. Provision of miscellaneous services for the Group	Xinjiang Tebian	<b>500</b>	<b>303.68</b>
7. Provision of deposit services for the Group (maximum daily deposit balance (including accrued interests))	TBEA Finance	<b>3,000</b>	<b>2,546.34</b>

## Report of the Board of Directors

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

### **Product Procurement Framework Agreement and Supplemental Agreement with TBEA**

In view of past collaboration experience with TBEA, the products supplied by TBEA are necessary for the construction and operation of the Group's PV and wind power plants and TBEA possesses a relative edge in terms of price, quality, delivery schedule and payment terms, the Group has been procuring products from TBEA Group. The Company entered into a product procurement framework agreement with TBEA on 10 November 2020, pursuant to which, TBEA Group shall provide the Group with transformers (including ancillary equipment), wires, cables and other equipment. The product procurement framework agreement is for a term of three years (i.e. from 1 January 2021 to 31 December 2023) and is subject to renewal upon mutual consent. The relevant subsidiaries or associated companies of both parties will enter into separate agreements which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the product procurement framework agreement.

As the Group has implemented the Polysilicon New Construction Projects in the first half of 2021, and further increased the scale of its wind and PV resources development, the Group's demand for the power transmission and transformation products from TBEA Group increased. The Company entered into the supplemental product procurement framework agreement with TBEA on 13 October 2021, which was considered and approved at the 2021 third extraordinary general meeting of the Company, and adjusted the annual caps of the continuing connected transactions for products procurement from TBEA Group for 2021 to 2023 from RMB450 million, RMB450 million and RMB450 million to RMB1.6 billion, RMB900 million and RMB700 million, respectively. For details, please refer to the circulars of the Company dated 2 December 2020 and 4 November 2021, the announcements of the Company dated 10 November 2020, 13 October 2021 and 22 November 2021.

### **Coal Procurement Framework Agreement and Supplemental Agreement with TBEA**

TBEA Group's coal confers a clear advantage in terms of price over its competitors, and their products are of good quality with stable supply. As such, the Group has been procuring coal from TBEA Group. The Company entered into a coal procurement framework agreement with TBEA on 10 November 2020, pursuant to which, TBEA Group shall provide the Company with coal for power generation and heating. The coal procurement framework agreement is for a term of three years (i.e. from 1 January 2021 to 31 December 2023) and is subject to renewal upon mutual consent. The relevant subsidiaries or associated companies of both parties will enter into separate agreements which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the coal procurement framework agreement.



## Report of the Board of Directors

With the impact of supply and demand imbalance in the coal market, and the price of coal in China has been increasing since the second half of 2021, TBEA Group increased its coal sales price (including transportation fee) to the Company, and the new price took effect from 1 October 2021. The Company entered into the supplemental coal procurement framework agreement with TBEA on 13 October 2021, which was considered and approved at the 2021 third extraordinary general meeting of the Company, and adjusted the annual caps of the continuing connected transactions for the coal procurement from TBEA Group for 2021 to 2023 from RMB450 million, RMB480 million and RMB520 million to RMB500 million, RMB600 million and RMB750 million, respectively. For details, please refer to the circulars of the Company dated 2 December 2020 and 4 November 2021, the announcements of the Company dated 10 November 2020, 13 October 2021 and 22 November 2021.

### **Miscellaneous Services Framework Agreement and Supplemental Agreement with TBEA**

As TBEA Group's construction quality, construction period, and service capacity for miscellaneous construction services can meet the Group's requirements, and are more able to understand the Group's needs, TBEA Group has been providing relevant miscellaneous construction services to the Group. Therefore, the Company entered into a miscellaneous services framework agreement with TBEA on 10 November 2020, pursuant to which, TBEA Group shall provide the Group with miscellaneous services (such as engineering construction, greening service, installation of water, electricity, gas and heat equipment). The miscellaneous services framework agreement is for a term of three years (i.e. from 1 January 2021 to 31 December 2023) and is subject to renewal upon mutual consent. The relevant subsidiaries or associated companies of both parties will enter into separate agreements which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the miscellaneous services framework agreement.

In order to meet the Group's demands for investment and construction of the Polysilicon New Construction Projects and wind power and PV projects, the Company entered into the supplemental miscellaneous services framework agreement with TBEA on 13 October 2021, which was considered and approved at the 2021 third extraordinary general meeting of the Company, and adjusted each of the annual caps of the continuing connected transactions for miscellaneous services procurement from TBEA Group for 2021 to 2023 from RMB300 million to RMB500 million. For details, please refer to the circulars of the Company dated 2 December 2020 and 4 November 2021, the announcements of the Company dated 10 November 2020, 13 October 2021 and 22 November 2021.

### **Product Sales Framework Agreement and Supplemental Agreement with TBEA**

To take full advantage of the economies of scale and bargaining power in raw material procurement of the Group and to make use of the residual production capacity of the Group's chemical raw materials and industrial water, thereby bringing certain benefits to the Group, the Company entered into a products sales framework agreement with TBEA on 10 November 2020, pursuant to which, the Group shall sell industrial raw materials (i.e. silicon metal and liquid alkali) and industrial water to TBEA Group for its daily operation. The product sales framework agreement is for a term from 1 January 2021 to 31 December 2023 and is subject to renewal upon mutual consent. The relevant subsidiaries or associated companies of both parties will enter into separate agreements which will set out the specific terms and conditions (including the pricing, settlement terms, and quality standards) according to the normal commercial terms provided in the product sales framework agreement.

## Report of the Board of Directors

Due to the control of energy consumption in various provinces in China, the sales price of silicon metal has increased significantly since the second half of 2021. The Company entered into the supplemental product sales framework agreement with TBEA on 13 October 2021, which was considered and approved at the 2021 third extraordinary general meeting of the Company, and adjusted each of the annual caps of the continuing connected transactions for product sales from TBEA Group for 2022 and 2023 from RMB100 million to RMB200 million. For details, please refer to the circulars of the Company dated 2 December 2020 and 4 November 2021, the announcements of the Company dated 10 November 2020, 13 October 2021 and 22 November 2021.

### Listing Rules Implications

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

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

For details of the above transactions and the Revised Overall Annual Cap of TBEA, please refer to the circulars of the Company dated 2 December 2020 and 4 November 2021.

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

### Product Procurement Framework Agreement and Supplemental Agreement with Xinjiang Tebian

In view of the quality of supplied products (such as high-low voltage switch cabinet, control cabinet, power distribution cabinet) and competitive prices offered by Xinjiang Tebian, Xinjiang Tebian is a backbone manufacturing enterprise in its industry, as well as the largest manufacturing enterprise of that sector in Xinjiang region. The Company entered into a product procurement framework agreement with Xinjiang Tebian on 10 November 2020, pursuant to which, Xinjiang Tebian Group shall provide the Group with equipment and cabinets such as high-low voltage switch cabinet, control cabinet, electricity control cabinet, power distribution cabinet. The product procurement framework agreement is for a term of three years (i.e. from 1 January 2021 to 31 December 2023) and is subject to renewal upon mutual consent. The relevant subsidiaries or associated companies of both parties will enter into separate agreements which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the product procurement framework agreement.



## Report of the Board of Directors

As the Group has implemented the Polysilicon New Construction Projects in the first half of 2021, the scale of the Group's wind and PV resources development has further increased. In addition, based on Xinjiang Tebian Group's rich experience in manufacturing, it has started to engage in the tower manufacturing business since 2021. Up to October 2021, Xinjiang Tebian Group has already won the bidding of the Group's tower order with an amount of approximately RMB90 million. It is expected that the procurement of the Group from Xinjiang Tebian Group will further increase in the future due to further enhancement in the production capacity. The Company entered into the supplemental product procurement framework agreement with Xinjiang Tebian on 13 October 2021, which was considered and approved at the 2021 third extraordinary general meeting of the Company, and adjusted the annual caps of the continuing connected transactions for products procurement from Xinjiang Tebian Group for 2021 to 2023 from RMB50 million, RMB50 million and RMB50 million to RMB400 million, RMB250 million and RMB250 million, respectively. For details, please refer to the circular of the Company dated 4 November 2021, the announcements of the Company dated 10 November 2020, 13 October 2021 and 22 November 2021.

### **Miscellaneous Services Framework Agreement and Supplemental Agreement with Xinjiang Tebian**

Xinjiang Tebian is able to provide high quality of civil works infrastructure construction, renovation and installation services and competitive prices, and knows the demands of the Group better. The Company entered into a miscellaneous services framework agreement with Xinjiang Tebian on 10 November 2020, pursuant to which, the Group shall purchase miscellaneous services (such as engineering labor, installation of electricity and gas equipment) from Xinjiang Tebian Group. The miscellaneous services framework agreement is for a term of three years (i.e. from 1 January 2021 to 31 December 2023) and is subject to renewal upon mutual consent. The relevant subsidiaries or associated companies of both parties will enter into separate agreements which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the miscellaneous services framework agreement.

In order to meet the Group's needs for the Polysilicon New Construction Projects and wind power and PV projects, the Company entered into the supplemental miscellaneous services framework agreement with Xinjiang Tebian on 13 October 2021, which was considered and approved at the 2021 third extraordinary general meeting of the Company, and adjusted each of the annual caps of the continuing connected transactions for miscellaneous services with Xinjiang Tebian Group for 2021 to 2023 from RMB300 million to RMB500 million. For details, please refer to the circular of the Company dated 4 November 2021, the announcements of the Company dated 10 November 2020, 13 October 2021 and 22 November 2021.

# Report of the Board of Directors

## Listing Rules Implications

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

The revised overall annual cap (as aggregated) under the framework agreements with Xinjiang Tebian (the “**Revised Overall Annual Cap of Xinjiang Tebian**”) has been approved, and the Company has also conducted related transactions with Xinjiang Tebian based on the Revised Overall Annual Cap of Xinjiang Tebian. For details of the above transactions and the Revised Overall Annual Cap of Xinjiang Tebian, please refer to the announcement of the Company dated 10 November 2020 and the circular of the Company dated 4 November 2021.

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

TBEA Finance is a regulated non-bank financial institution approved by the CBIRC, and provides financial services to the Company within the scope of its operations in compliance with the relevant national laws and regulations. With the continuous business expansion, the Group’s size of borrowings has gradually increased, and it is particularly important to diversify financing channels, to reduce finance costs, and improve capital utilization rate. On 10 November 2020, the Company entered into a financial services framework agreement with TBEA Finance for a term from 1 January 2021 to 31 December 2023. Pursuant to the financial services framework agreement, TBEA Finance provides the Group with various financial services including but not limited to deposit services and other financial services.

Based on the future development of polysilicon production and wind power and PV resources development and operation businesses, the Group expects a further increase in revenue and monetary capital. The Company entered into the supplemental financial services framework agreement with TBEA Finance on 13 October 2021, which was considered and approved at the 2021 third extraordinary general meeting of the Company, and adjusted each of the annual caps (i.e. the daily maximum deposit balance (including accrued interest)) of the deposit services provided by TBEA Finance from RMB1 billion to RMB3 billion for 2021 to 2023. For details, please refer to the circulars of the Company dated 2 December 2020 and 4 November 2021, the announcements of the Company dated 10 November 2020, 13 October 2021 and 22 November 2021.

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



### Listing Rules Implications

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

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

For details of the above transactions and the Revised Annual Cap of TBEA Finance, please refer to the circulars of the Company dated 2 December 2020 and 4 November 2021.

### Information of TBEA

TBEA is a joint stock company incorporated in the PRC on 26 February 1993. As of the date of the report, its registered capital is RMB3,790,111,289. TBEA and its close associates (excluding the Group) are mainly engaged in: (i) production and sales of transformers, inductors, wires, cables and other electrical and machinery equipment; and (ii) construction and contracting of domestic and international power transmission and transformation projects, hydro and geothermal power projects. As of the date of this report, TBEA holds directly and indirectly approximately 66.61% of the total issued share capital of the Company, and thus is the Controlling Shareholder of the Company. Accordingly, TBEA is a connected person of the Company as defined under Chapter 14A of the Listing Rules.

### Information of Xinjiang Tebian

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

### Information of TBEA Finance

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

## Report of the Board of Directors

### Confirmation of Independent Non-Executive Directors

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

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

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

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

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



## Report of the Board of Directors

### Confirmation of Auditor

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

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

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

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

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

## BUSINESS REVIEW

In 2021, the Group conscientiously implemented the Electric Power Law of the People's Republic of China (《中華人民共和國電力法》), the Renewable Energy Law of the People's Republic of China (《中華人民共和國可再生能源法》), Notice Regarding the Adjustment to Benchmark On-Grid Tariffs of PV and Onshore Wind Power Generation (《關於調整光伏發電陸上風電標桿上網電價的通知》) issued by the NDRC and the "14th Five-year Plan" for the Renewable Energy Development (《關於可再生能源發展「十四五」規劃》) issued by the NEA. The Group has strictly complied with the relevant laws and regulations and has not been punished by the relevant regulatory authorities in 2021.

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

## Report of the Board of Directors

### ENVIRONMENTAL POLICY AND PERFORMANCE

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

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

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

In 2021, the Group did not suffer any material environmental accidents or instances of pollution and we were not subject to any material administrative penalties due to environmental accidents or pollution. As of the Latest Practicable Date, the Group had not been subject to any material fines or legal action involving non-compliance with any PRC environmental law or regulation, or received any warning or pending action from any environmental regulatory authority in China or overseas.

### COMPLIANCE WITH NON-COMPETITION UNDERTAKING

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



## Report of the Board of Directors

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

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

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

### PRE-EMPTIVE RIGHTS AND SHARE OPTION ARRANGEMENTS

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

### RETIREMENT AND EMPLOYEES BENEFIT SCHEME

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

In accordance with regulations applicable to enterprises and the relevant requirements of all levels of local governments in areas where we operate, the Group established the pension plan, medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance. In accordance with applicable PRC laws and regulations, the amount of contributions to the aforesaid social insurance is strictly based on the national, provincial, autonomous region and municipal requirements of the PRC. The Group also established an employee housing fund in accordance with applicable PRC regulations.

### EQUITY-LINKED AGREEMENT

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

### PUBLIC FLOAT

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

## Report of the Board of Directors

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Group has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules as its own code of corporate governance. The Group will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code. For the year ended 31 December 2021, the Group has complied with the applicable code provisions as set out in the CG Code. For details, please refer to the section of Corporate Governance Report.

### MAJOR LEGAL PROCEEDING

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

- (1) Filing of a lawsuit by Sunoasis against Xuyi High Drive Wind Power Co., Ltd.\* (盱眙高傳風力發電有限公司) (“**Xuyi High Drive**”) and other defendants regarding the construction agreement dispute

In June 2020, Sunoasis filed a lawsuit with the Intermediate People’s Court of Huaian (the “**Intermediate People’s Court of Huaian**”) against Xuyi High Drive and other defendants regarding the construction agreement dispute. In January 2021, the first instance judgment was made, and the main contents of the judgment were as follows: (i) the construction agreement was terminated; (ii) Xuyi High Drive shall pay project payment and liquidated damages for overdue payment of RMB130,488,063.62 to Sunoasis; and (iii) other defendants shall undertake joint liability or joint guarantee liability for the debts as above of Xuyi High Drive, etc. Please refer to the announcements of the Company dated 22 June 2020 and 20 January 2021 for the details.

As at the date of this report, Sunoasis had applied to the Intermediate People’s Court of Huaian for compulsory enforcement, and received the outstanding amount of RMB69.7475 million and has executed secured property of RMB2.4625 million.

- (2) Filing of a lawsuit by Sunoasis against Xuyi High Drive and other defendants regarding the dispute for the failure to pay the payables for finance lease as agreed

In March 2021, Sunoasis filed a lawsuit with the Second Intermediate People’s Court of Beijing Municipality (the “**Intermediate People’s Court of Beijing**”) against Xuyi High Drive for the failure to pay the payables for finance lease as agreed. In April 2021, Sunoasis, Xuyi High Drive and Jiangsu High Drive New Energy Co., Ltd. entered into a settlement agreement. Please refer to the announcements of the Company dated 3 March 2021 and 29 April 2021 for the details.





## Report of the Board of Directors

On 22 February 2022, Sunoasis received the enforcement judgment (2021) Jing 02 Zhi No. 962 (執行裁定書(2021)京02執962號) from the Intermediate People's Court of Beijing. Due to a debt dispute on other creditor's rights, 100% equity interest in Xuyi High Drive, which has a registered capital of RMB160 million, held by Jiangsu High Drive was auctioned off by the Intermediate People's Court of Beijing in accordance with laws. According to the appraisal from the evaluation agency engaged by the Intermediate People's Court of Beijing, the appraised value of such equity interest amounted to RMB107,819,000, and the starting bid price was RMB75,473,300. Sunoasis participated in the open auction and won the bidding of the 100% equity interest in Xuyi High Drive with the bidding price of RMB75,473,300. Sunoasis, as the pledgee, offset the payment for the auction with the creditor's rights it is entitled to. Please refer to the announcement of the Company dated 23 February 2022 for the details.

As of the date of this report, the above equity interest has been registered for transfer of property rights.

### AUDIT COMMITTEE

The Audit Committee has reviewed the Group's 2021 annual results and the consolidated financial statements for the year ended 31 December 2021 prepared in accordance with the CASBE.

### ACCOUNTING STANDARDS

Since the listing of the Company's H shares on the Stock Exchange, the Company has been adopting the International Financial Reporting Standards to prepare the financial statements published on the Stock Exchange, and disclosing corresponding financial information in accordance with the requirements under the Listing Rules. According to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the Stock Exchange in December 2010, the issuers listed in Hong Kong and incorporated in mainland China have been approved to adopt the CASBE to prepare their financial statements, and China accounting firms recognized by the MOF and the CSRC are permitted to audit such financial statements by adopting the China Standards on Auditing.

As the Company is now considering and exploring for matters relating to the Proposed Issuance of A Shares, in order to concurrently meet the reporting requirements of the Proposed Issuance of A Shares and the Listing Rules, the Board proposed that the Company shall adopt the CASBE for the preparation of the financial statements published on the Stock Exchange and disclosure of corresponding financial information from 2021, which has been approved by the shareholders of the Company at the third extraordinary general meeting of 2021 of the Company. Please refer to the announcements of the Company dated 22 October 2021 and 22 November 2021, and the circular dated 4 November 2021. The Company has adopted the CASBE and the relevant regulations to prepare the financial statements since 2021.

# Report of the Board of Directors

## AUDITOR

As the Company has adopted the CASBE to prepare the financial statements and disclosure of corresponding financial information since 2021. On 22 November 2021, such adoption was reviewed and approved at the third extraordinary general meeting of the Company. The Company terminated the appointment of PwC as the Company's international auditor, and appointed SHINEWING as the auditor to audit the consolidated financial statements for the year ended 31 December 2021 prepared in accordance with the CASBE. SHINEWING will also discharge the duties as an overseas auditor under the Listing Rules. Please refer to the announcements of the Company dated 22 October 2021 and 22 November 2021, and the circular dated 4 November 2021. SHINEWING has audited the accompanying consolidated financial statements, which were prepared in accordance with the CASBE.

## FINANCIAL SUMMARY

The summary of the operating results, assets and liabilities of the Group for five years ended 31 December 2021 is set out on page 8 of this annual report.

**Zhang Jianxin**

*Chairman*

By order of the Board

**Xinte Energy Co., Ltd.**

Xinjiang, the PRC • 25 March 2022

# Report of Supervisory Board

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

## I. SUPERVISORY BOARD MEETINGS

During the year, a total of 9 Supervisory Board meetings took place, at which the Supervisory Board meetings has considered and approved matters in relation to, among others, the annual report and results announcement, the report of the Supervisory Board of the Company for the year ended 31 December 2020, the occurrence of non-exempt continuing connected transactions, the connected transaction in relation to the issuance of Domestic Shares to TBEA, the election of the chairman of the fourth session of the Supervisory Board of the Company, key financial information for the semi-annual and the first and third quarter of 2021, the recommendation of candidates for non-employee representative supervisors of the fourth session of the Supervisory Board, the adjustment to the expected caps in respect of the non-exempt continuing connection transactions between the Company and TBEA, TBEA Group from 2021 to 2023 and etc.

All Supervisors attended the above meetings.

## II. INDEPENDENT OPINIONS OF THE SUPERVISORY BOARD

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

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

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

# Report of Supervisory Board

## 2. Financial Position of the Group

The Supervisory Board carefully inspected the Group's periodic financial report and proposals related to financial policies during the Reporting Period. The Supervisory Board believes that the Group's financial internal control system was complete and continuously improved and all systems were strictly implemented, and therefore effectively guaranteed the successful functioning of the Group's production and operation. During 2021, the Group's financial position was sound, and financial management was proper. The Group's consolidated financial statements reflected the Group's financial position and operational performance in a complete, objective and truthful manner. SHINEWING issued an unqualified opinion on the Company's 2021 annual audit report.

## 3. Connected Transactions

During the Reporting Period, the pricing principle of the connected transactions were in accordance with accepted business practices and the relevant policies and regulations, demonstrating the principles of fairness and equality. The Supervisory Board believes that, during 2021 there was no abuse of power that would be detrimental to the interests of the Company or its shareholders, especially medium and minority shareholders.

### **Chen Qijun**

*Chairman of the Supervisory Board*

Xinjiang, the PRC • 25 March 2022



# Corporate Governance Report

The Board of the Company hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2021.

## 1. BOARD OF DIRECTORS

### 1.1 Composition of the Board

During the year ended 31 December 2021, the Board consisted of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

The biographical details of the Directors as at the date of this report are set out on pages 35 to 38 of this annual report. There is no relationship (including financial, business, family or other material or relevant relationship) among members of the Board. The structure of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the Shareholders.

Since the listing of the Company, the Board has been in compliance with the requirement of the Listing Rules in relation to the appointment of at least three independent non-executive Directors. It has also complied with the requirement which requires that independent non-executive Directors shall represent at least one-third of the Board. The three independent non-executive Directors of the Company fully meet the requirements under Rule 3.10(1) and (2) of the Listing Rules. In addition, the Company has received annual confirmations from each of the independent non-executive Directors as to their respective independence in accordance with Rule 3.13 of the Listing Rules. The Company therefore considers all independent non-executive Directors to be independent pursuant to the requirements as set out in the Listing Rules.

The composition of the Board is set out as follows:

Name	Position	term of office
Mr. Zhang Jianxin	Chairman and executive Director	2018.6–2021.6 2021.6–2024.6
Mr. Yin Bo	Executive Director and general manager	2018.6–2021.6 2021.6–2024.6
Mr. Xia Jinjing	Executive Director	2018.6–2021.6 2021.6–2024.6
Mr. Zhang Xin	Non-executive Director	2018.6–2021.6 2021.6–2024.6
Ms. Guo Junxiang	Non-executive Director	2018.6–2021.6 2021.6–2024.6
Mr. Huang Hanjie	Non-executive Director	2021.6–2024.6
Mr. Qin Xiaodong	Non-executive Director	2020.6–2021.1
Mr. Qin Haiyan	Independent non-executive Director	2018.6–2021.6
Mr. Yang Deren	Independent non-executive Director	2018.6–2021.6
Mr. Wong, Yui Keung Marcellus	Independent non-executive Director	2018.6–2021.6

# Corporate Governance Report

Name	Position	term of office
Mr. Cui Xiang	Independent non-executive Director	2021.6–2024.6
Mr. Chen Weiping	Independent non-executive Director	2021.6–2024.6
Mr. Tam, Kwok Ming Banny	Independent non-executive Director	2021.6–2024.6

## 1.2 Board Meetings

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

In 2021, the Board convened 19 meetings and submitted 66 resolutions to the general meeting. The attendance of the Directors at Board meetings is as follows:

Name	Number of meetings required to be attended	Number of meetings attended	Number of meetings attended by proxy
Mr. Zhang Jianxin	19	19	0
Mr. Yin Bo	19	19	0
Mr. Xia Jinjing	19	19	0
Mr. Zhang Xin	19	19	0
Ms. Guo Junxiang	19	19	0
Mr. Huang Hanjie <sup>(1)</sup>	9	9	0
Mr. Qin Xiaodong <sup>(2)</sup>	0	0	0
Mr. Cui Xiang <sup>(3)</sup>	9	9	0
Mr. Chen Weiping <sup>(4)</sup>	9	9	0
Mr. Tam, Kwok Ming Banny <sup>(5)</sup>	9	9	0
Mr. Qin Haiyan <sup>(6)</sup>	10	10	0
Mr. Yang Deren <sup>(7)</sup>	10	10	0
Mr. Wong, Yui Keung Marcellus <sup>(8)</sup>	10	10	0

(1) On 16 June 2021, Mr. Huang Hanjie was appointed as a non-executive Director of the fourth session of the Board and member of the Audit Committee.

(2) On 11 January 2021, Mr. Qin Xiaodong resigned as a non-executive Director of the third session of the Board and member of the Audit Committee.



- (3) On 16 June 2021, Mr. Cui Xiang was appointed as an independent non-executive Director of the fourth session of the Board and member of the Audit Committee, the Nomination Committee, the Strategy Committee and the chairman of the Remuneration and Assessment Committee.
- (4) On 16 June 2021, Mr. Chen Weiping was appointed as an independent non-executive Director of the fourth session of the Board and member of the Audit Committee, the Strategy Committee, the Remuneration and Assessment Committee and the chairman of the Nomination Committee.
- (5) On 16 June 2021, Mr. Tam, Kwok Ming Banny was appointed as an independent non-executive Director of the fourth session of the Board and member of the Nomination Committee, the Remuneration and Assessment Committee and the chairman of the Audit Committee.
- (6) As the term of the third session of the Board expired on 15 June 2021, Mr. Qin Haiyan retired as the independent non-executive Director of the Company and member of the Audit Committee, the Remuneration and Assessment Committee, the Strategy Committee and the chairman of the Nomination Committee with effect from 16 June 2021.
- (7) As the term of the third session of the Board expired on 15 June 2021, Mr. Yang Deren retired as the independent non-executive Director of the Company and member of the Audit Committee, the Nomination Committee, the Strategy Committee and the chairman of the Remuneration and Assessment Committee with effect from 16 June 2021.
- (8) As the term of the third session of the Board expired on 15 June 2021, Mr. Wong, Yui Keung Marcellus retired as the independent non-executive Director of the Company and member of the Nomination Committee, the Remuneration and Assessment Committee and the chairman of the Audit Committee.

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

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

- convening general meetings and presenting reports thereto;
- implementing the resolutions made at the general meetings;
- determining the Company's business and investment plans;
- working out the Company's annual financial budget plans and final account plans;
- working out the Company's profit distribution plans and loss recovery plans;
- working out the Company's plans on the increase or reduction of registered capital, as well as on the issuance of shares, bonds or other securities and listing plans;
- formulating proposals for material acquisitions, purchase of shares of the Company, merger, split-up, dissolution and change of the nature of the Company;
- deciding on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc. of the Company within the scope authorised by the general meeting;

## Corporate Governance Report

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

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



# Corporate Governance Report

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

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

## 1.4 Chairman and General Manager

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

## 1.5 Appointment and Re-election of Directors

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

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

# Corporate Governance Report

## 1.6 Directors' Remuneration

During the Reporting Period, the Company paid remuneration to each independent non-executive Director during his/her term of office (RMB120,000/year before tax, paid on a quarterly basis, individual income tax shall be withheld by the Company). Non-executive Directors not holding offices in the Company will not receive any director's remuneration from the Company. Executive Directors will receive their remuneration corresponding to their senior management position according to the management methods for remuneration of the Company.

For the details of remuneration of Directors, Supervisors and senior management of the Company, please refer to the section of Report of Board of Directors.

## 1.7 Training of Directors

All Directors participated in continuous professional development in 2021 to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant. Details of existing Directors' training during 2021 are set out as below:

Name	Position	Training hours	Areas covered in the training
Mr. Zhang Jianxin	Chairman and executive Director	No less than 70 hours	Corporate governance and relevant regulations, macro economy, corporate management, industry research, strategy planning, human resources, capital operation, finance, tax, etc.
Mr. Yin Bo	Executive Director and general manager	No less than 70 hours	Corporate governance and relevant regulations, corporate management, industry research, human resources, strategy planning, finance, tax, etc.
Mr. Xia Jinjing	Executive Director	No less than 70 hours	Corporate governance and relevant regulations, corporate management, strategy planning, finance, tax, etc.
Mr. Zhang Xin	Non-executive Director	No less than 70 hours	Corporate governance and relevant regulations, macro economy, corporate management, industry research, strategy planning, human resources, capital operation, etc.
Ms. Guo Junxiang	Non-executive Director	No less than 70 hours	Corporate governance and relevant regulations, information disclosure, corporate governance, finance, corporate management, capital operation, etc.

# Corporate Governance Report

Name	Position	Training hours	Areas covered in the training
Mr. Huang Hanjie	Non-executive Director	No less than 70 hours	Corporate governance and relevant regulations, corporate management, strategy planning, industry research, macro economy, finance, tax, etc.
Mr. Cui Xiang	Independent non-executive Director	No less than 70 hours	Macro economy, industry research, electrical engineering, etc.
Mr. Chen Weiping	Independent non-executive Director	No less than 75 hours	Corporate governance and relevant regulations, corporate management, strategy planning, macro economy, finance, tax, chemical engineering, etc.
Mr. Tam, Kwok Ming Banny	Independent non-executive Director	No less than 40 hours	Finance, tax, etc.

## 1.8 Corporate Governance Functions

The corporate governance functions were performed by the Board. The corporate governance functions include developing and reviewing the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements; overseeing the Company's orientation program for new Directors; reviewing and monitoring the training and continuous professional development of Directors and senior management personnel; developing, reviewing and monitoring the code of conduct applicable to employees and Directors and compliance manual; and reviewing the Company's disclosure in the Corporate Governance Report. In 2021, the Board has reviewed the Company's corporate governance policies and regular training matters and reviewed the Corporate Governance Report in the Annual Report 2021.

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

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

# Corporate Governance Report

## 2. BOARD COMMITTEES

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

### 2.1 Audit Committee

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

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

1. to make suggestions to the Board for the appointment, re-appointment and change of external auditors, handle issues relating to the resignation or removal of such external auditors and make suggestions for the appointment contracts and audit fees of the relevant external auditors; to evaluate the work of external auditors, and supervise the independence and objectivity of the external auditors, as well as their effectiveness, quality and results of work procedures;
2. to supervise the internal audit system of the Company and its implementation;
3. to guide and evaluate the work of the internal auditing department of the Company, and to make suggestions as to the appointment and removal of the head of the internal auditing department;
4. to review the financial information of the Company and its disclosure;
5. to review and supervise the effective implementation of the financial reporting system, internal control system and risk management system of the Company;
6. to inspect and discuss the following arrangements made by the Company: the whistleblower system for employees of the Company to report on any potential misconducts in relation to financial reporting, internal control or other aspects; to ensure that the Company has put in place appropriate measures to carry out fair and independent investigations and follow-up actions in regard to such matters; to serve as the major channel between the Company and the external auditors and to supervise their relationship;
7. to audit and supervise connected transactions and evaluate their appropriateness;
8. other duties and powers as conferred by the Board;

9. to review routine matters in relation to risks as presented by the management and internal review team, including but not limited to the Company's corporate risk management structure, evaluation of internal control system, appendix to the global risk appetite framework, risk tolerance level and latest information on risks in the market; and
10. to review the adequacy of resources, staff qualifications and experience, training programme and budget of the Company's risk and compliance department.

The Audit Committee held eight meetings during the Reporting Period, at which the Audit Committee considered and approved matters in relation to, among others, the Group's final financial report of 2020, annual report of 2020, the connected transaction in relation to the issuance of Domestic Shares to TBEA, key financial information for the first quarter, the semi-annual and the third quarter of 2021, the adjustment to the expected caps in respect of the non-exempt continuing connection transactions between the Company and TBEA, TBEA Group from 2021 to 2023, the change of auditors, etc. Meanwhile, the Audit Committee regular met the risk monitoring team on an annual basis in accordance with its terms of reference without the presence of the management.

### 2.2 Remuneration and Assessment Committee

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

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

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

1. making suggestions to the Board in relation to the appraisal standards, general remuneration policies and structure of the Company's Directors and senior management, and formulating such remuneration policies for the purpose of establishing a formal and transparent mechanism, making recommendations to the Board, reviewing the performance appraisal standards of Directors and senior management, and conducting appraisals and giving suggestions;



## Corporate Governance Report

2. reviewing and approving the proposed remuneration of the management according to corporate operating objectives, and making recommendations to the Board in relation to specific remuneration packages for Directors and senior management, including performance-based remuneration schemes. The Remuneration and Assessment Committee shall consider factors including the remuneration paid by comparable companies, time commitments and duties of the Directors, employment conditions of other positions of the Company, and whether the remuneration shall be determined based on results performance; to make recommendations to the Board or determine, as authorised, the remuneration packages of individual executive Directors and senior management, which include non-monetary benefits, pensions and compensation payments (including any compensation for their loss or termination of offices or appointments);
3. conducting appraisals on the performance of Directors and senior management based on the appraisal scheme, and deciding on their remuneration, rewards and punishments;
4. recommending to the Board on the remuneration packages of individual executive Directors and senior management, which include non-monetary benefits, pensions and compensation payments (including any compensation for their loss or termination of offices or appointments);
5. recommending to the Board on the remuneration of non-executive Directors, consulting with the general manager on the remuneration of other executive Directors and making recommendations with reference to the Company's remuneration system;
6. recommending to the Board on relevant compensation paid to executive Directors and senior management for their loss or termination of offices or appointments, and the compensation arrangements regarding the removal or dismissal of Directors due to their misconduct (and to ensure that the arrangements conform to the terms of service contracts between such Directors and the Company, or otherwise, the compensation shall be reasonable and appropriate);
7. ensuring that none of the Directors participates in determining his/her own remuneration;
8. being responsible for monitoring and supervising the implementation of the Company's remuneration system; and
9. other duties and powers as conferred by the Board.

The Remuneration and Assessment Committee held one meeting during the Reporting Period. On 31 March 2021, the Remuneration and Assessment Committee held a meeting, at which the remuneration plan for Directors and Supervisors of the Company for 2021 and the review report on the remuneration of the senior management of the Company for 2021 were considered and approved.

### 2.3 Nomination Committee

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

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

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

## Corporate Governance Report

9. evaluating the work of Directors and providing advice or recommendations on the replacement of Directors based on the evaluation results;
10. reviewing the implementation and effectiveness of the Nomination Policy (as defined below), procedures and criterias for the nomination and the Board Diversity Policy regularly;
11. considering the succession plan of the Board members, and conducting regular reviews thereon; and
12. dealing with other matters as authorized by the Board.

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

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

### **Nomination Policy**

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

The Nomination Committee held three meetings during the Reporting Period, at which the Nomination Committee considered and approved the proposal in relation to reviewing the qualifications of Mr. Liu Xiubing as the deputy general manager of the Company, the structure, size and composition of the Board, the independence of the independent non-executive Directors, as well as the proposal to review the qualifications of candidates for Directors of the fourth session of the Board.

## 2.4 Strategy Committee

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

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

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

During the Reporting Period, the Strategy Committee did not hold any meeting.

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

Name of Director	Meetings Attended/Held Remuneration and Assessment Committee			Nomination Committee
	Audit Committee			
Zhang Jianxin	N/A	1/1	N/A	
Yin Bo <sup>(1)</sup>	N/A	0/0	3/3	
Xia Jinjing <sup>(2)</sup>	N/A	1/1	0/0	
Zhang Xin	N/A	N/A	3/3	
Guo Junxiang	8/8	N/A	N/A	
Huang Hanjie <sup>(3)</sup>	4/4	N/A	N/A	
Qin Xiaodong <sup>(4)</sup>	0/0	N/A	N/A	
Cui Xiang <sup>(5)</sup>	4/4	0/0	0/0	
Chen Weiping <sup>(6)</sup>	4/4	0/0	0/0	
Tam, Kwok Ming Banny <sup>(7)</sup>	4/4	0/0	0/0	
Qin Haiyan <sup>(8)</sup>	4/4	1/1	3/3	
Yang Deren <sup>(9)</sup>	4/4	1/1	3/3	
Wong, Yui Keung Marcellus <sup>(10)</sup>	4/4	1/1	3/3	

# Corporate Governance Report

- (1) Mr. Yin Bo ceased to be a member of the Nomination Committee of the Company and was appointed as a member of the Remuneration and Assessment Committee with effect from 16 June 2021.
- (2) Mr. Xia Jinjing ceased to be a member of the Remuneration and Assessment Committee of the Company and was appointed as a member of the Nomination Committee with effect from 16 June 2021.
- (3) On 16 June 2021, Mr. Huang Hanjie was appointed as a non-executive Director of the fourth session of the Board and member of the Audit Committee.
- (4) On 11 January 2021, Mr. Qin Xiaodong resigned as a non-executive Director of the third session of the Board and member of the Audit Committee.
- (5) On 16 June 2021, Mr. Cui Xiang was appointed as an independent non-executive Director of the fourth session of the Board and member of the Audit Committee, the Nomination Committee, the Strategy Committee and the chairman of the Remuneration and Assessment Committee.
- (6) On 16 June 2021, Mr. Chen Weiping was appointed as an independent non-executive Director of the fourth session of the Board and member of the Audit Committee, the Strategy Committee, the Remuneration and Assessment Committee and the chairman of the Nomination Committee.
- (7) On 16 June 2021, Mr. Tam, Kwok Ming Banny was appointed as an independent non-executive Director of the fourth session of the Board and member of the Nomination Committee, the Remuneration and Assessment Committee and the chairman of the Audit Committee.
- (8) As the term of the third session of the Board expired on 15 June 2021, Mr. Qin Haiyan retired as the independent non-executive Director of the Company and member of the Audit Committee, the Remuneration and Assessment Committee, the Strategy Committee and the chairman of the Nomination Committee with effect from 16 June 2021.
- (9) As the term of the third session of the Board expired on 15 June 2021, Mr. Yang Deren retired as the independent non-executive Director of the Company and member of the Audit Committee, the Nomination Committee, the Strategy Committee and the chairman of the Remuneration and Assessment Committee with effect from 16 June 2021.
- (10) As the term of the third session of the Board expired on 15 June 2021, Mr. Wong, Yui Keung Marcellus retired as the independent non-executive Director of the Company and member of the Nomination Committee, the Remuneration and Assessment Committee and the chairman of the Audit Committee.

## 3. INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### 4. DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges its responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2021.

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

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

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

### 5. COMPLIANCE WITH THE MODEL CODE ON SECURITIES TRANSACTIONS

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

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

## 6. INTERNAL CONTROL

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

### Internal control review

During the Reporting Period, the Company carried out the annual review of internal control covering the Reporting Period for the improvement of systems, standardization of process and prevention of risks in accordance with the requirements of the enterprise internal control standard system, integrating the internal control system and evaluation methods, with a view to strengthening the execution of internal control through review, improving the internal control system, ensuring legal compliance of operation and management, assets safety, the truthfulness and completeness of financial reports and related information, enhancing the operating efficiency and effectiveness, and facilitating the realization of development strategies. The total assets of the main entities included in the review scope accounted for 95.49% of the total assets in the consolidated financial statements, and the total revenue accounted for 97.60% of the total revenue in the consolidated financial statements, covering the Group’s important business matters and high-risk areas. The audits covered key risks in operation such as bidding management, financial management, asset management, bill management, inventory management, accounts receivable management, cost management, quality management, supplier management, engineering project management, safety management and connected transaction management, which provided full coverage of businesses with key risks.



### **Treatment procedures of deficiencies in internal control**

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

### **Review results on internal control**

Having reviewed the effectiveness of the Company's internal control system for the year ended 31 December 2021, the Board is of the opinion that the Company's internal control system has been operating effectively and is adequate as of 31 December 2021, and that there are no material deficiencies with respect to the internal control. According to the requirements of the enterprise internal control standard system, regarding the general defects found during the Reporting Period, the Company has taken corresponding rectification measures to continuously improve its internal controls.

## Corporate Governance Report

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

### 7. AUDITOR AND ITS REMUNERATION

During the Reporting Period, SHINEWING was appointed on 22 November 2021 as the auditor to perform auditing of the financial statements of the Company in 2021 prepared in accordance with the CASBE following the termination of appointment of PwC.

In 2021, SHINEWING provided the Company with annual audit service at a fee of RMB2.60 million, and non-audit services (mainly consulting services) of RMB0.26 million in 2021. In addition, to proceed the Proposed A Share Offering and related work of the Company, SHINEWING provided the Company with audit services in relation to the Proposed A Share Offering, and the Company paid a fee of RMB5.31 million during the Reporting Period.

In addition, in 2021, PwC provided the Company with non-audit services (mainly for reviewing the 2021 interim financial report and confirming the adequacy of working capital of the Company) at a fee of RMB1.7 million.

### 8. GENERAL MEETINGS

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

<b>Name</b>	<b>Number of meetings required to be attended</b>	<b>Number of meetings attended</b>
Mr. Zhang Jianxin	4	4
Mr. Yin Bo	4	4
Mr. Xia Jinjing	4	4
Mr. Zhang Xin	4	4
Ms. Guo Junxiang	4	4
Mr. Huang Hanjie <sup>(1)</sup>	2	2
Mr. Qin Xiaodong <sup>(2)</sup>	0	0
Mr. Cui Xiang <sup>(3)</sup>	2	2
Mr. Chen Weiping <sup>(4)</sup>	2	2
Mr. Tam, Kwok Ming Banny <sup>(5)</sup>	2	2
Mr. Qin Haiyan <sup>(6)</sup>	2	2
Mr. Yang Deren <sup>(7)</sup>	2	2
Mr. Wong, Yui Keung Marcellus <sup>(8)</sup>	2	2

- (1) On 16 June 2021, Mr. Huang Hanjie was appointed as a non-executive Director of the fourth session of the Board and member of the Audit Committee.
- (2) On 11 January 2021, Mr. Qin Xiaodong resigned as a non-executive Director of the third session of the Board and member of the Audit Committee.
- (3) On 16 June 2021, Mr. Cui Xiang was appointed as an independent non-executive Director of the fourth session of the Board and member of the Audit Committee, the Nomination Committee, the Strategy Committee and the chairman of the Remuneration and Assessment Committee.
- (4) On 16 June 2021, Mr. Chen Weiping was appointed as an independent non-executive Director of the fourth session of the Board and member of the Audit Committee, the Strategy Committee, the Remuneration and Assessment Committee and the chairman of the Nomination Committee.
- (5) On 16 June 2021, Mr. Tam, Kwok Ming Banny was appointed as an independent non-executive Director of the fourth session of the Board and member of the Nomination Committee, the Remuneration and Assessment Committee and the chairman of the Audit Committee.
- (6) As the term of the third session of the Board expired on 15 June 2021, Mr. Qin Haiyan retired as the independent non-executive Director of the Company and member of the Audit Committee, the Remuneration and Assessment Committee, the Strategy Committee and the chairman of the Nomination Committee with effect from 16 June 2021.
- (7) As the term of the third session of the Board expired on 15 June 2021, Mr. Yang Deren retired as the independent non-executive Director of the Company and member of the Audit Committee, the Nomination Committee, the Strategy Committee and the chairman of the Remuneration and Assessment Committee with effect from 16 June 2021.
- (8) As the term of the third session of the Board expired on 15 June 2021, Mr. Wong, Yui Keung Marcellus retired as the independent non-executive Director of the Company and member of the Nomination Committee, the Remuneration and Assessment Committee and the chairman of the Audit Committee.

## 9. COMMUNICATION WITH SHAREHOLDERS

### 9.1 Shareholders' Rights

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

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

## Corporate Governance Report

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

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

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

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

### 9.2 Shareholders' Enquiries and Communication

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

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

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

### 10. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODES

As a company listed on the Stock Exchange, the Company consistently commits to maintain high level of corporate governance. During the year ended 31 December 2021, the Company complied with all code provisions of the CG Code as set out in Appendix 14 of Listing Rules, and adopted the recommended best practices set out therein, if applicable.

### 11. INVESTOR RELATIONS

#### 11.1 Investor Relations Activities

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

#### 11.2 Information Disclosure

The Company is committed to timely and fairly disclosures of comprehensive and accurate information to investors. In the year of 2021, the Company has published 168 announcements on the Stock Exchange website, including proposed A share offering, entered into a strategic cooperation agreement, issuance of domestic shares under specific mandate, placing of new H shares under general mandate and revised annual caps for existing continuing connected transactions, etc.

### 12. JOINT COMPANY SECRETARIES

Ms. Zhang Juan ("**Ms. Zhang**"), the joint company secretary of the Company, is responsible for advising the Board regarding corporate governance issues, and ensures to comply with the policies and procedures of the Board, applicable laws, rules and regulations. In order to maintain good corporate governance and make sure to comply with the Listing Rules and applicable laws of Hong Kong, the Company also appointed Ms. Ng Wing Shan ("**Ms. Ng**"), an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited (the provider of company secretarial services), as the joint company secretary of the Company, who assisted Ms. Zhang in performing her duties as the company secretary of the Company. Ms. Zhang was the primary corporate contact person between the Company and Ms. Ng.

## Corporate Governance Report

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

On 7 March 2022, Ms. Ng resigned as the joint company secretary of the Company and Ms. Chan Yin Wah (“**Ms. Chan**”), an associate director of SWCS Corporate Services Group (Hong Kong) Limited, was appointed as the joint company secretary on the same day upon the approval of the Board. Ms. Zhang is the primary corporate contact person between the Company and Ms. Chan.

### 13. HUMAN RESOURCES

#### 13.1 Description of Human Resources

As of 31 December 2021, the Group has a total of 5,774 employees, and their professional and educational background are as follows:

Items	Categories	Number of people	Percentage to the total number of people
Profession	Production personnel	4,177	72.34%
	Salesperson	390	6.75%
	Management personnel	972	16.83%
	Technical personnel	235	4.07%
	Total	5,774	100.00%
Education	Postgraduate and above	455	7.88%
	Undergraduate	2,635	45.64%
	Associate degree & others	2,684	46.48%
	Total	5,774	100.00%

As of 31 December 2021, the percentage of female employees of the Group was 18.51%.

### 13.2 Incentives for Employees

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

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

### 13.3 Employees' Training

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

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

### 13.4 Employees' Remuneration Policy

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

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



# Corporate Governance Report

## 14. INSIDE INFORMATION

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

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

## 15. DIVERSITY POLICY OF BOARD MEMBERS

Pursuant to the CG Code of Appendix 14 to the Listing Rules, the Company has adopted the Board Diversity Policy of Xinte Energy Co., Ltd. (《新特能源股份有限公司董事會成員多元化政策》).

In order to achieve a sustainable and balanced development, the Company views the increasing diversity of its Board as a key factor in supporting its strategic targets and maintaining the sustainable development. The Company will consider and diversify its Board membership in various ways when setting the composition of the Board, and all appointments will continue to be made on the basis of the advantages and merits of the candidates, including but not limited to their gender, age, cultural and educational background, ethnicity, professional experience, skill, knowledge and tenure of service. To ensure that the Board has a balance of skills, experiences and diverse perspectives appropriate to the Company’s business needs. All Board appointments will be based on meritocracy, and the candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. The Company understands and believes in the benefits of a diverse Board. As of the date of this report, being reviewed by the Nomination Committee, the Board is in compliance with the diversity policy of Board members, and the Board includes members with different professional backgrounds, skills, ages and genders, which effectively facilitates the Company’s scientific decision-making on major issues. As of the date of the report, the diversified composition of the fourth session of the Board is as follows:

# Corporate Governance Report

No.	Name	Position	Age	Genders	Education and areas of expertise	Commencement time of directorship
1	Zhang Jianxin	Executive Director (Chairman)	49 years old	Male	PhD degree holder and an economist of economic management, specializing in corporate strategy, business management and PV industry research fields.	February 2008
2	Yin Bo	Executive Director and general manager	43 years old	Male	A PhD and a chief senior engineer with a major in chemical engineering, specializing in business management, polysilicon and other new materials research fields.	March 2016
3	Xia Jinjing	Executive Director	41 years old	Male	Master degree holder and a chief senior engineer with a major in chemical engineering, specializing in business management, polysilicon and other new materials research fields.	June 2018
4	Zhang Xin	Non-executive Directors	60 years old	Male	Associate degree holder and an electrical engineer as well as a senior engineer of machinery and electronics, specializing in corporate strategy, business management and machinery manufacturing fields.	February 2008
5	Huang Hanjie	Non-executive Directors	43 years old	Male	Master degree holder and a senior accountant, specializing in business management, financial accounting, financial management and other fields.	June 2021
6	Guo Junxiang	Non-executive Directors	51 years old	Female	Bachelor degree holder and a senior economist in industrial economics, specializing in capital operation, corporate governance and standardized operation and information disclosure fields.	February 2008
7	Cui Xiang	Independent non-executive Directors	61 years old	Male	PhD degree and professor title holder, specializing in electrical engineering, semiconductor optoelectronic materials research and other fields.	June 2021
8	Chen Weiping	Independent non-executive Directors	65 years old	Male	Bachelor degree holder and a professor-level senior engineer, specializing in chemical engineering design, technology development and other fields.	June 2021
9	Tam, Kwok Ming Banny	Independent non-executive Directors	59 years old	Male	Holder of advanced degree in accounting from The Hong Kong Polytechnic University and a Chartered Certified Accountant in the United Kingdom, a Certified Public Accountant and a Practicing Certified Public Accountant in Hong Kong, specializing in auditing, financial accounting, financial management, tax planning and other fields.	June 2021

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

## 16. ARTICLES OF ASSOCIATION

The Articles of Association was reviewed and approved for revision by the 2020 annual general meeting on 16 June 2021, the second extraordinary general meeting of 2021 on 28 June 2021 and the third extraordinary general meeting of 2021 on 22 November 2021. Please refer to the circulars of the Company dated 26 May 2021, 11 June 2021 and 4 November 2021, and the revised Articles of Associations published on the websites of the Stock Exchange and the Company for the details.

# Independent Auditor's Report

	信永中和会计师事务所	北京市东城区朝阳门北大街 8号富华大厦A座9层	联系电话: +86(010)6554 2288 telephone: +86(010)6554 2288
	ShineWing certified public accountants	9/F, Block A, Fu Hua Mansion, No.8, Chaoyangmen Beidajie, Dongcheng District, Beijing, 100027, P.R.China	传真: +86(010)6554 7190 facsimile: +86(010)6554 7190

TO THE SHAREHOLDERS OF XINTE ENERGY CO., LTD.

## I. OPINION

We have audited the financial statements of Xinte Energy Co., Ltd. (“**Xinte Energy**”), which comprise the consolidated and the parent company’s balance sheets as at 31 December 2021, and the consolidated and the parent company’s income statements, the consolidated and the parent company’s cash flow statements, the consolidated and the parent company’s statements of changes in shareholders’ equity for the year of 2021, and the notes to the financial statements.

In our opinion, the accompanying financial statements are prepared and present fairly, in all material respects, the consolidated and the parent company’s financial position as at 31 December 2021, and the consolidated and the parent company’s operation results and cash flows for the year of 2021 of Xinte Energy in accordance with the requirements of Accounting Standards for Business Enterprises.

## II. BASIS FOR OPINION

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

## III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year of 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

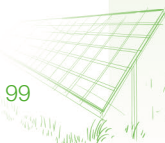
<b>1. Recognition of operating revenue</b>	
<b>Key audit matters</b>	<b>Measures in audit</b>
<p>As stated in Notes IV. 35 and VI. 41 of the financial statements, the operating revenue of Xinte Energy in 2021 was RMB22,523,039,900; of which product sales revenue and engineering construction revenue accounted for 53.53% and 34.46% of Xinte Energy's operating revenue, respectively. We identified the recognition of product sales revenue and engineering construction revenue as key audit matters:</p> <p>(1) Identifying the recognition of product sales revenue as a key audit matter was mainly due to the fact that the occurrence and integrity of product sales revenue would have a significant impact on the operating results of Xinte Energy;</p> <p>(2) Identifying the recognition of engineering construction revenue as a key audit matter was mainly due to the fact that the relevant accounting involves significant accounting estimates and judgments. For the engineering construction projects provided, Xinte Energy recognizes the revenue within a certain period of time according to the progress of contract performance. The progress of contract performance is determined using the input method based on the proportion of the completed contract costs actually incurred for the performance of the contract to the estimated total contract costs over the contract period. The management estimates the estimated total revenue and estimated total cost of projects at the commencement of the projects, and continuously evaluates and revises such estimates during the execution of contracts. The determination of the estimated total revenue, the estimated total cost and the progress of contract performance involves important accounting estimates and judgments of the management, and has a significant impact on the amount and period of revenue recognition.</p>	<p>For the recognition of product sales revenue, our key audit procedures conducted are as follows:</p> <ol style="list-style-type: none"> <li>1. Understood, evaluated and tested the management's design and implementation of key internal controls related to product sales revenue recognition to confirm the effectiveness of internal controls;</li> <li>2. Selected samples to check the sales contracts, analyzed and evaluated the time point of the transfer of control rights of goods related to the recognition of product sales revenue, and evaluated whether the time point of revenue recognition complied with the requirements of the Accounting Standards for Business Enterprises;</li> <li>3. Checked the supporting documents related to revenue recognition, including sales contracts, shipping notes, sales invoices and customer receipts, etc., to check the authenticity of the product sales revenue that had been recognized;</li> <li>4. Selected samples to carried out visits and correspondence procedures to verify the authenticity and integrity of their income;</li> <li>5. Performed cut-off test on product sales revenue to check whether revenue recognition was recorded in the correct accounting period;</li> <li>6. Checked whether the disclosures related to product sales revenue met the disclosure requirements of the Accounting Standards for Business Enterprises.</li> </ol>

# Independent Auditor's Report

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

## Independent Auditor's Report

<b>2. Provisions for inventory depreciation</b>	
<b>Key audit matters</b>	<b>Measures in audit</b>
<p>As stated in Note IV. 14 and Note VI. 8 of the financial statements, as at 31 December 2021, the book balance of Xinte Energy's inventories was RMB4,030,308,500, of which the inventory balance of new energy power station projects under construction and completed for sale at the end of the year was RMB1,880,194,600, and the provisions made for inventory depreciation was RMB265,655,100.</p> <p>The management makes provisions for inventory depreciation based on the difference between the net realisable value of inventories and their book value. When determining the net realisable value of inventories, the management needs to make judgments and estimates on the future discounted cash flow forecast of projects. The forecast of future discounted cash flow adopts the following key assumptions: forecasted power generation, on-grid tariff and discount rate, which is due to the large balance of new energy power station projects under construction and completed for sale at the end of each period, and that the estimate of net realisable value is highly uncertain. The management has used significant estimates and judgments in determining the provisions for relevant inventory depreciations, therefore we have identified this matter as a key audit matter.</p>	<p>For the provision for inventory depreciation, our key audit procedures conducted are as follows:</p> <ol style="list-style-type: none"> <li>1. Understood the company's relevant internal control for the provision for inventory depreciation, and evaluated the effectiveness of its design and operation;</li> <li>2. Obtained the inventory list, executed the supervision procedure of inventory taking, checked the quantity, status and age of inventories, etc., and analyzed the rationality of the management's determination on the existence of impairment indicators;</li> <li>3. Implemented the on-site supervision procedure of inventory taking for the inventories of important new energy power station projects, and further evaluated the rationality of the provisions for inventory depreciation made by the company according to the operating status of such projects;</li> <li>4. Obtained the finished products, the estimated sales expenses and costs that still need to be incurred before products are sold used by the management to test the provisions for inventory depreciation, and evaluated the rationality against the recent historical occurrence level;</li> <li>5. Obtained the management's test calculation sheet for inventory depreciation provision, and reviewed the rationality of the key assumptions and important parameters such as forecasted power generation, on-grid tariff and discount rate adopted by the management for cash flow forecasting;</li> <li>6. Checked whether the information disclosure related to the inventory depreciation provision met the disclosure requirements of the Accounting Standards for Business Enterprises.</li> </ol>



## Independent Auditor's Report

### IV. OTHER INFORMATION

The management of Xinte Energy (the “**Management**”) is responsible for the other information. The other information includes information included in Xinte Energy’s 2021 annual report, but does not include the financial statements and our audit report.

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

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

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

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

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

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

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

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

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





## Independent Auditor's Report

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

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

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

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

## Independent Auditor's Report

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

SHINEWING Certified Public  
Accountants LLP

Chinese Certified Public Accountant:  
(Engagement Partner)

Chinese Certified Public Accountant:

Beijing, the PRC

25 March 2022

# Consolidated Balance Sheet

31 December 2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	31 December 2021	31 December 2020
<b>Current assets:</b>			
Monetary capital	VI. 1	5,379,011,955.63	3,664,029,585.73
Clearing settlement funds			
Loans to other banks			
Financial assets held for trading	VI. 2	76,985,909.10	70,282,947.84
Derivative financial assets		—	
Notes receivable	VI. 3	1,802,510,347.06	1,065,211,611.38
Accounts receivable	VI. 4	6,103,309,452.01	4,586,204,704.25
Receivables financing	VI. 5	3,608,991,052.55	739,930,417.92
Prepayments	VI. 6	506,285,453.13	684,064,644.44
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve receivable			
Other receivables	VI. 7	956,586,468.71	969,641,663.84
Including: Interests receivable		—	—
Dividends receivable	VI. 7.1	96,264,269.15	89,378,628.47
Financial assets held under resale agreements			
Inventories	VI. 8	3,718,223,400.66	2,214,976,248.03
Contract assets	VI. 9	1,221,834,859.55	2,249,743,779.05
Assets held for sale		—	—
Non-current assets due within one year		—	—
Other current assets	VI. 10	514,586,043.05	152,586,938.17
<b>Total current assets</b>		<b>23,888,324,941.45</b>	16,396,672,540.65
<b>Non-current assets:</b>			
Loans and advances			
Debt investments		—	—
Other debt investments	VI. 11	35,023,968.14	40,663,977.82
Long-term receivables		—	—
Long-term equity investments	VI. 12	437,492,843.11	323,435,980.37
Other equity instrument investments	VI. 13	1,000,000.00	8,066,041.44
Other non-current financial assets		—	—
Investment properties		—	—
Fixed assets	VI. 14	25,216,001,023.25	16,770,274,852.16
Construction in progress	VI. 15	4,569,815,889.50	8,614,339,903.08
Productive biological assets		—	—
Oil and gas assets			
Right-of-use assets	VI. 16	141,505,795.43	142,534,305.94
Intangible assets	VI. 17	1,082,678,082.48	757,446,653.77
Development expenses	VI. 18	—	10,988,413.46
Goodwill		—	—
Long-term deferred expenses	VI. 19	4,586,783.88	9,581,513.73
Deferred income tax assets	VI. 20	401,741,931.37	331,767,780.09
Other non-current assets	VI. 21	2,420,701,886.79	1,908,744,065.07
<b>Total non-current assets</b>		<b>34,310,548,203.95</b>	28,917,843,486.93
<b>Total assets</b>		<b>58,198,873,145.40</b>	45,314,516,027.58

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

# Consolidated Balance Sheet

31 December 2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	31 December 2021	31 December 2020
<b>Current liabilities:</b>			
Short-term borrowings	VI. 22	1,766,100,999.28	1,201,962,585.92
Borrowing from central bank			
Loans from other banks			
Financial liabilities held for trading		—	—
Derivative financial liabilities		—	—
Notes payable	VI. 23	6,107,779,143.98	5,497,238,441.65
Accounts payable	VI. 24	5,573,094,825.40	5,229,004,938.82
Advances received		—	—
Contract liabilities	VI. 25	1,977,397,303.77	922,661,885.91
Proceeds from sale of repurchase financial assets			
Deposits from clients and placements from other banks			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Staff remuneration payables	VI. 26	385,279,896.06	196,872,207.97
Taxes payable	VI. 27	861,022,895.25	167,786,811.18
Other payables	VI. 28	244,646,900.47	342,391,868.51
Including: Interests payable			
Dividends payable	VI. 28.2	13,394,100.00	167,563,550.16
Handling fees and commission payable			
Reinsurance accounts payable			
Liabilities held for sale		—	—
Non-current liabilities due within one year	VI. 29	1,641,406,696.12	1,431,495,984.90
Other current liabilities	VI. 30	721,540,601.65	766,059,581.23
<b>Total current liabilities</b>		<b>19,278,269,261.98</b>	15,755,474,306.09
<b>Non-current liabilities:</b>			
Provision for insurance contracts			
Long-term borrowings	VI. 31	14,340,567,421.42	13,930,469,292.04
Bonds payable		—	—
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VI. 32	141,365,053.58	207,438,637.99
Long-term payables	VI. 33	337,150,000.00	318,804,471.64
Long-term staff remuneration payables			
Accrued liabilities	VI. 34	105,283,377.29	38,473,793.22
Deferred income	VI. 35	449,950,859.52	401,799,813.63
Deferred income tax liabilities	VI. 20	157,647,570.72	160,816,389.95
Other non-current liabilities		—	—
<b>Total non-current liabilities</b>		<b>15,531,964,282.53</b>	15,057,802,398.47
<b>Total liabilities</b>		<b>34,810,233,544.51</b>	30,813,276,704.56

# Consolidated Balance Sheet

31 December 2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	31 December 2021	31 December 2020
<b>Shareholders' equity:</b>			
Share capital	VI. 36	1,430,000,000.00	1,200,000,000.00
Other equity instruments		—	—
Including: Preference shares Perpetual bonds			
Capital reserve	VI. 37	9,160,068,619.11	6,234,749,400.78
Less: Treasury shares			
Other comprehensive income	VI. 38	-4,058,343.45	319,956.86
Special reserve		—	—
Surplus reserve	VI. 39	547,653,992.38	343,605,668.09
General risk reserve			
Undistributed profit	VI. 40	8,893,910,525.69	4,262,694,085.15
<b>Total equity attributable to the shareholders of the parent company</b>		<b>20,027,574,793.73</b>	12,041,369,110.88
Non-controlling interest		3,361,064,807.16	2,459,870,212.14
<b>Total shareholders' equity</b>		<b>23,388,639,600.89</b>	14,501,239,323.02
<b>Total liabilities and shareholders' equity</b>		<b>58,198,873,145.40</b>	45,314,516,027.58

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

# Balance Sheet of the Parent Company

31 December 2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	31 December 2021	31 December 2020
<b>Current assets:</b>			
Monetary capital		1,466,945,065.67	655,773,711.91
Financial assets held for trading		—	—
Derivative financial assets		—	—
Notes receivable		1,614,090,718.02	517,761,345.85
Accounts receivable	XVII. 1	471,910,806.33	340,162,664.77
Receivables financing		2,153,484,668.56	450,493,809.88
Prepayments		18,486,062.21	13,236,785.72
Other receivables	XVII. 2	1,094,838,131.43	465,520,174.76
Including: Interests receivable		—	—
Dividends receivable		430,988,436.89	—
Inventories		821,324,120.04	323,821,655.06
Contract assets		—	—
Assets held for sale		—	—
Non-current assets due within one year		—	—
Other current assets		—	22,052,614.23
<b>Total current assets</b>		<b>7,641,079,572.26</b>	2,788,822,762.18
<b>Non-current assets:</b>			
Debt investments		—	—
Other debt investments		—	—
Long-term receivables		—	—
Long-term equity investments	XVII. 3	9,189,474,219.63	6,025,997,886.26
Other equity instrument investments		—	—
Other non-current financial assets		—	—
Investment properties		—	—
Fixed assets		5,832,057,505.37	6,468,307,002.92
Construction in progress		316,761,179.91	149,212,567.48
Productive biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets		—	—
Intangible assets		191,596,571.83	227,690,923.44
Development expenses		—	—
Goodwill		—	—
Long-term deferred expenses		4,586,783.88	9,173,567.84
Deferred income tax assets		86,285,615.52	95,698,329.15
Other non-current assets		71,048,943.28	30,860,854.72
<b>Total non-current assets</b>		<b>15,691,810,819.42</b>	13,006,941,131.81
<b>Total assets</b>		<b>23,332,890,391.68</b>	15,795,763,893.99

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

## Balance Sheet of the Parent Company

31 December 2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	31 December 2021	31 December 2020
<b>Current liabilities:</b>			
Short-term borrowings		1,000,000.00	150,000,000.00
Financial liabilities held for trading		—	—
Derivative financial liabilities		—	—
Notes payable		3,434,050,847.72	1,609,318,031.25
Accounts payable		635,467,730.15	691,314,647.61
Advances received		—	—
Contract liabilities		894,678,039.08	427,367,487.61
Staff remuneration payables		137,340,555.99	29,292,901.55
Taxes payable		256,498,014.63	2,482,356.23
Other payables		87,559,998.25	233,763,672.64
Including: Interests payable		—	—
Dividends payable		—	164,623,470.27
Liabilities held for sale		—	—
Non-current liabilities due within one year		267,116,428.31	450,806,885.63
Other current liabilities		632,589,388.69	309,435,524.85
<b>Total current liabilities</b>		<b>6,346,301,002.82</b>	3,903,781,507.37
<b>Non-current liabilities:</b>			
Long-term borrowings		1,358,500,000.00	1,312,500,000.00
Bonds payable		—	—
Including: Preference shares			
Perpetual bonds			
Lease liabilities		—	—
Long-term payables		—	—
Long-term staff remuneration payables			
Accrued liabilities		—	—
Deferred income		275,392,424.97	291,887,228.49
Deferred income tax liabilities		157,647,570.72	160,816,389.95
Other non-current liabilities		—	—
<b>Total non-current liabilities</b>		<b>1,791,539,995.69</b>	1,765,203,618.44
<b>Total liabilities</b>		<b>8,137,840,998.51</b>	5,668,985,125.81



## Balance Sheet of the Parent Company

31 December 2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	31 December 2021	31 December 2020
<b>Shareholders' equity:</b>			
Share capital		1,430,000,000.00	1,200,000,000.00
Other equity instruments		—	—
Including: Preference shares			
Perpetual bonds			
Capital reserve		9,114,857,692.39	6,197,070,310.25
Less: Treasury shares			
Other comprehensive income		—	—
Special reserve		—	—
Surplus reserve		546,036,898.45	341,988,574.16
Undistributed profit		4,104,154,802.33	2,387,719,883.77
<b>Total shareholders' equity</b>		<b>15,195,049,393.17</b>	10,126,778,768.18
<b>Total liabilities and shareholders' equity</b>		<b>23,332,890,391.68</b>	15,795,763,893.99

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

# Consolidated Statement of Income

2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2021	2020
<b>I. Total operating revenue</b>		<b>22,523,039,942.65</b>	14,182,284,542.71
Including: Operating revenue	VI. 41	<b>22,523,039,942.65</b>	14,182,284,542.71
Interest income			
Premium earned			
Handling fees and commission income			
<b>II. Total operating cost</b>		<b>15,895,585,535.82</b>	13,701,653,910.23
Including: Operating cost	VI. 41	<b>13,231,343,761.30</b>	11,744,770,117.13
Interest expenses			
Handling fees and commission expenses			
Surrender value			
Net payment of insurance claims			
Net provision of insurance liability reserve			
Premium bonus expenses			
Reinsurance expenses			
Taxes and surcharges	VI. 42	<b>168,200,554.73</b>	96,948,325.72
Selling expenses	VI. 43	<b>742,476,207.68</b>	506,384,133.09
Administrative expenses	VI. 44	<b>702,439,176.00</b>	457,374,882.23
R&D expenses	VI. 45	<b>337,245,795.65</b>	193,133,227.21
Financial expenses	VI. 46	<b>713,880,040.46</b>	703,043,224.85
Including: Interest expenses		<b>742,951,253.16</b>	688,699,649.45
Interest income		<b>43,616,571.23</b>	39,266,571.96
Add: Other revenue	VI. 47	<b>77,232,388.05</b>	117,888,363.03
Investment income (loss is represented by "-")	VI. 48	<b>282,289,439.25</b>	672,588,507.68
Including: Investment income from associates and joint ventures		<b>58,083,839.06</b>	19,777,652.61
Gains from derecognition of financial assets measured at amortized cost		—	—
Gains from foreign exchange (loss is represented by "-")		—	—
Gains from net exposure to hedging (loss is represented by "-")	VI. 49	<b>9,199,497.68</b>	—
Gain on changes in fair value (loss is represented by "-")	VI. 50	<b>88,017.35</b>	7,533,112.11
Impairment loss of credit (loss is represented by "-")	VI. 51	<b>-130,122,730.43</b>	-240,875,314.28
Impairment loss of assets (loss is represented by "-")	VI. 52	<b>-562,332,880.78</b>	-142,064,878.67
Gains from disposal of assets (loss is represented by "-")	VI. 53	<b>-1,366,630.28</b>	4,015,029.85
<b>III. Operating profit (loss is represented by "-")</b>		<b>6,302,441,507.67</b>	899,715,452.20
Add: Non-operating revenue	VI. 54	<b>30,468,673.09</b>	31,383,781.74
Less: Non-operating expenses	VI. 55	<b>14,564,259.93</b>	38,777,571.29
<b>IV. Total profit (total loss is represented by "-")</b>		<b>6,318,345,920.83</b>	892,321,662.65
Less: Income tax expense	VI. 56	<b>934,334,896.63</b>	64,109,611.64

# Consolidated Statement of Income

2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2021	2020
<b>V. Net profit (net loss is represented by "-")</b>		<b>5,384,011,024.20</b>	828,212,051.01
(I) Classified by continuity of operations			
1. Net profit from continuing operations (net loss is represented by "-")		<b>5,384,011,024.20</b>	828,212,051.01
2. Net profit from discontinued operation (net loss is represented by "-")			
(II) Classified by ownership			
1. Net profit attributable to owners of the parent company (net loss is represented by "-")		<b>4,955,264,764.83</b>	634,572,524.53
2. Profit or loss attributable to non-controlling interests (net loss is represented by "-")		<b>428,746,259.37</b>	193,639,526.48
<b>VI. Net other comprehensive income after tax</b>		<b>-6,135,777.29</b>	-1,249.43
Net other comprehensive income after tax attributable to owners of the parent company		<b>-4,378,300.31</b>	-3,459.10
(I) Other comprehensive income not reclassified to profit or loss		<b>-4,233,052.18</b>	—
1. Changes arising on remeasurement of defined benefit plans			
2. Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss			
3. Changes in fair value of investments in other equity instruments		<b>-4,233,052.18</b>	
4. Changes in fair value of own credit risk of the Company			
5. Others			
(II) Other comprehensive income to be reclassified to profit or loss		<b>-145,248.13</b>	-3,459.10
1. Other comprehensive income accounted for using the equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provisions for credit impairment of other debt investments			
5. Reserve for cash flow hedging (effective portion of profit or loss on cash flow hedging)			
6. Exchange differences on translation of financial statements in foreign currency		<b>-145,248.13</b>	-3,459.10
7. Others		—	—
Net other comprehensive income after tax attributable to non-controlling interest		<b>-1,757,476.98</b>	2,209.67

## Consolidated Statement of Income

2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2021	2020
<b>VII. Total comprehensive income</b>		<b>5,377,875,246.91</b>	828,210,801.58
Total comprehensive income attributable to shareholders of the parent company		<b>4,950,886,464.52</b>	634,569,065.43
Total comprehensive income attributable to non-controlling interests		<b>426,988,782.39</b>	193,641,736.15
<b>VIII. Earnings per share</b>			
(I) Basic earnings per share (RMB/share)		<b>3.92</b>	0.53
(II) Diluted earnings per share (RMB/share)		<b>3.92</b>	0.53

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

# Income Statement of the Parent Company

2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2021	2020
<b>I. Operating revenue</b>	XVII. 4	<b>12,437,064,580.21</b>	5,837,405,330.01
Less: Operating cost	XVII. 4	<b>9,929,617,213.48</b>	5,602,485,096.08
Taxes and surcharges		<b>76,441,278.38</b>	39,473,990.40
Selling expenses		<b>5,430,515.49</b>	10,130,203.59
Administrative expenses		<b>119,077,326.64</b>	76,888,279.02
R&D expenses		<b>149,074,305.18</b>	73,142,301.09
Financial expenses		<b>106,718,436.36</b>	166,970,905.75
Including: Interest expenses		<b>121,929,183.04</b>	181,859,421.76
Interest income		<b>14,527,782.66</b>	16,022,225.55
Add: Other revenue		<b>33,976,123.11</b>	38,379,960.06
Investment income (loss is represented by "-")	XVII. 5	<b>498,011,796.89</b>	318,447,403.46
Including: Investment income from associates and joint ventures		—	—
Gains from derecognition of financial assets measured at amortized cost		—	—
Gains from net exposure to hedging (loss is represented by "-")		—	—
Gain on changes in fair value (loss is represented by "-")		—	—
Impairment loss of credit (loss is represented by "-")		<b>-25,593,443.96</b>	20,296,204.79
Impairment loss of assets (loss is represented by "-")		<b>-267,625,164.31</b>	-3,913,638.66
Gains from disposal of assets (loss is represented by "-")		<b>3,271,455.82</b>	2,374,409.95
<b>II. Operating profit (loss is represented by "-")</b>		<b>2,292,746,272.23</b>	243,898,893.68
Add: Non-operating revenue		<b>10,067,304.52</b>	3,971,943.32
Less: Non-operating expenses		<b>24,613.96</b>	74,320.25
<b>III. Total profit (total loss is represented by "-")</b>		<b>2,302,788,962.79</b>	247,796,516.75
Less: Income tax expense		<b>262,305,719.94</b>	-19,293,863.51
<b>IV. Net profit (net loss is represented by "-")</b>		<b>2,040,483,242.85</b>	267,090,380.26
(I) Net profit from continuing operations (net loss is represented by "-")		<b>2,040,483,242.85</b>	267,090,380.26
(II) Net profit from discontinued operation (net loss is represented by "-")			

# Income Statement of the Parent Company

2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2021	2020
<b>V. Net other comprehensive income after tax</b>		—	—
(I) Other comprehensive income not reclassified to profit or loss		—	—
1. Changes arising on remeasurement of defined benefit plans			
2. Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss			
3. Changes in fair value of investments in other equity instruments			
4. Changes in fair value of own credit risk of the Company			
5. Others			
(II) Other comprehensive income to be reclassified to profit or loss		—	—
1. Other comprehensive income accounted for using the equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provisions for credit impairment of other debt investments			
5. Reserve for cash flow hedging (effective portion of profit or loss on cash flow hedging)			
6. Exchange differences on translation of financial statements in foreign currency			
7. Others			
<b>VI. Total comprehensive income</b>		<b>2,040,483,242.85</b>	267,090,380.26
<b>VII. Earnings per share</b>			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

# Consolidated Statement of Cash Flows

2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2021	2020
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and provision of services		<b>20,153,850,006.09</b>	13,410,835,301.47
Net increase in deposits from clients and placements from other banks			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received from premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits from policyholders and investments			
Cash received from interest, handling fees and commissions			
Net increase in loans from other banks			
Net increase in repurchases business fund			
Net cash received from agency security transaction			
Receipt of tax rebates		<b>92,937,142.50</b>	192,280,676.02
Other cash received from activities relating to operation	VI. 57.(1)	<b>414,686,187.79</b>	292,219,370.98
<b>Sub-total of cash inflow from operating activities</b>		<b>20,661,473,336.38</b>	13,895,335,348.47
Cash paid for goods purchased and services rendered		<b>12,798,793,158.39</b>	8,982,867,894.45
Net increase in loans and advances to customers			
Net increase in placements with central bank and other banks			
Cash paid for claims on original insurance contracts			
Net increase in loans to other banks			
Cash payment for interest, handling fees and commissions			
Cash payment for premium bonus			
Cash paid to and on behalf of staff		<b>1,321,852,413.36</b>	855,631,501.03
Taxes paid		<b>1,437,786,197.60</b>	484,149,944.30
Other cash paid for activities relating to operating activities	VI. 57.(1)	<b>792,783,593.40</b>	607,838,815.09
<b>Sub-total of cash outflow from operating activities</b>		<b>16,351,215,362.75</b>	10,930,488,154.87
<b>Net cash flows generated from operating activities</b>		<b>4,310,257,973.63</b>	2,964,847,193.60



# Consolidated Statement of Cash Flows

2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2021	2020
<b>II. Cash flow generated from investment activities:</b>			
Cash received from disposal of investments		54,210,609.68	83,755,900.00
Cash received from gains in investments		42,319,214.94	26,221,766.66
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		8,051,468.78	7,568,012.99
Net cash received from disposal of subsidiaries and other operating entities		743,657,417.59	721,228,816.69
Other cash received relating to investment activities	VI. 57.(1)	605,195,965.12	2,020,000,000.00
<b>Sub-total of cash inflow from investment activities</b>		<b>1,453,434,676.11</b>	2,858,774,496.34
Cash paid for purchase of fixed assets, intangible assets and other long-term assets		8,410,805,920.51	5,580,508,344.57
Cash paid for investment		136,481,877.09	100,320,000.00
Net increase in pledged loans			
Net cash paid for acquiring subsidiaries and other operating entities		20,000,001.00	1.00
Other cash paid relating to investment activities	VI. 57.(1)	194,538,893.15	330,000,000.00
<b>Sub-total of cash outflow from investment activities</b>		<b>8,761,826,691.75</b>	6,010,828,345.57
<b>Net cash flow generated from investment activities</b>		<b>-7,308,392,015.64</b>	-3,152,053,849.23
<b>III. Cash flow from financing activities:</b>			
Proceeds received from investments		3,770,800,328.34	
Including: Proceeds received by subsidiaries from minority interests' investment		630,000,000.00	
Cash received from borrowings		6,046,339,958.43	8,628,148,697.03
Other cash received relating to financing activities	VI. 57.(1)	520,699,712.04	418,005,389.27
<b>Sub-total of cash inflow from financing activities</b>		<b>10,337,839,998.81</b>	9,046,154,086.30
Cash paid for repayment of debts		4,230,167,800.00	8,186,243,337.76
Cash payments for dividend and profit distribution or interest repayment		1,277,178,082.94	833,630,598.90
Including: Dividend and profit paid by subsidiaries to minority interests		—	
Other cash paid relating to financing activities	VI. 57.(1)	639,193,552.73	615,002,410.02
<b>Sub-total of cash outflow from financing activities</b>		<b>6,146,539,435.67</b>	9,634,876,346.68
<b>Net cash flow generated from financing activities</b>		<b>4,191,300,563.14</b>	-588,722,260.38
<b>IV. Effect on cash and cash equivalents due to changes in foreign exchange rates</b>		<b>5,412,175.42</b>	-11,290,182.75
<b>V. Net increase in cash and cash equivalents</b>		<b>1,198,578,696.55</b>	-787,219,098.76
Add: Balance of cash and cash equivalents at the beginning of the period		1,993,529,192.05	2,780,748,290.81
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		<b>3,192,107,888.60</b>	1,993,529,192.05

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

# Statement of Cash Flows of the Parent Company

2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2021	2020
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and provision of services		7,084,488,221.47	4,869,521,292.21
Receipt of tax rebates		14,367,307.84	690,695.32
Other cash received from activities relating to operation		89,570,072.61	298,209,628.27
<b>Sub-total of cash inflow from operating activities</b>		<b>7,188,425,601.92</b>	5,168,421,615.80
Cash paid for goods purchased and services rendered		4,275,264,798.72	3,170,023,655.69
Cash paid to and on behalf of staff		358,272,695.09	237,786,304.17
Taxes paid		494,150,713.24	193,143,478.80
Other cash paid for activities relating to operating activities		172,119,668.09	72,114,969.06
<b>Sub-total of cash outflow from operating activities</b>		<b>5,299,807,875.14</b>	3,673,068,407.72
<b>Net cash flows generated from operating activities</b>		<b>1,888,617,726.78</b>	1,495,353,208.08
<b>II. Cash flow generated from investment activities:</b>			
Cash received from disposal of investments		—	—
Cash received from gains in investments		67,023,360.00	385,686,506.49
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		6,759,491.90	102,374,409.95
Net cash received from disposal of subsidiaries and other operating entities		—	—
Other cash received relating to investment activities		—	—
<b>Sub-total of cash inflow from investment activities</b>		<b>73,782,851.90</b>	488,060,916.44
Cash paid for purchase of fixed assets, intangible assets and other long-term assets		384,083,308.63	296,826,717.06
Cash paid for investment		3,163,476,333.37	307,600,000.00
Net cash paid for acquiring subsidiaries and other operating entities		—	—
Other cash paid relating to investment activities		—	—
<b>Sub-total of cash outflow from investment activities</b>		<b>3,547,559,642.00</b>	604,426,717.06
<b>Net cash flow generated from investment activities</b>		<b>-3,473,776,790.10</b>	-116,365,800.62

## Statement of Cash Flows of the Parent Company

2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Notes	2021	2020
<b>III. Cash flow from financing activities:</b>			
Proceeds received from investments		3,140,800,328.34	—
Cash received from borrowings		501,000,000.00	730,000,000.00
Other cash received relating to financing activities		1,081,097,991.11	—
Sub-total of cash inflow from financing activities		4,722,898,319.45	730,000,000.00
<b>Cash paid for repayment of debts</b>		<b>783,251,800.00</b>	1,835,251,800.00
Cash payments for dividend and profit distribution or interest repayment		406,552,653.31	203,139,822.81
Other cash paid relating to financing activities		862,632,347.77	106,745,142.75
<b>Sub-total of cash outflow from financing activities</b>		<b>2,052,436,801.08</b>	2,145,136,765.56
<b>Net cash flow generated from financing activities</b>		<b>2,670,461,518.37</b>	-1,415,136,765.56
<b>IV. Effect on cash and cash equivalents due to changes in foreign exchange rates</b>		<b>-13,813.65</b>	3,084,785.60
<b>V. Net increase in cash and cash equivalents</b>		<b>1,085,288,641.40</b>	-33,064,572.50
Add: Balance of cash and cash equivalents at the beginning of the period		225,999,711.94	259,064,284.44
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		<b>1,311,288,353.34</b>	225,999,711.94

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

# Consolidated Statement of Changes in Shareholders' Equity

2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	2021										Total shareholders' equity			
	Share capital	Preference shares	Perpetual bonds	Other equity instruments	Less: Treasury shares	Other comprehensive income	Equity attributable to the shareholders of the parent company					Sub-total	Non-controlling interest	
							Share reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			
<b>I. Balance at the end of previous year</b>	1,200,000,000.00	-	-	-	-	319,556.86	-	343,605,688.09	-	4,282,694,085.15	-	12,041,369,110.88	2,459,870,212.14	14,501,239,323.02
Add: Changes in accounting policy														
Prior-period error correction														
Merger of enterprises under common control														
Others														
<b>II. Balance at the beginning of the current year</b>	1,200,000,000.00	-	-	-	-	319,556.86	-	343,605,688.09	-	4,282,694,085.15	-	12,041,369,110.88	2,459,870,212.14	14,501,239,323.02
<b>III. Amount of increase/decrease/change in the current year (decrease is represented by "-")</b>	230,000,000.00	-	-	-	-	-4,378,300.31	-	204,046,324.29	-	4,631,216,440.54	-	7,986,205,622.65	901,194,895.02	8,887,400,277.87
(I) Total comprehensive income						-4,378,300.31				4,631,216,440.54		7,986,205,622.65	901,194,895.02	8,887,400,277.87
(II) Contribution and reduction of capital by shareholders														
1. Ordinary shares contributed by shareholders	230,000,000.00	-	-	-	-	-	-	-	-	-	-	3,155,319,218.33	620,063,105.14	3,774,382,353.47
2. Capital contributed by other equity instrument holders	230,000,000.00	-	-	-	-	2,928,461.16	-	2,910,800,326.34	-	-	-	3,140,800,326.34	630,000,000.00	3,770,800,326.34
3. Amount included in Shareholders' equity in share payment														
4. Others														
(III) Profit distribution														
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk reserve														
3. Distributions to shareholders														
4. Others														
(IV) Carry-forward of Shareholders' equity														
1. Conversion of capital reserves to increase share capital														
2. Conversion of surplus reserves to increase share capital														
3. Making up of losses by surplus reserves														
4. Carry-forward of retained earnings from changes in defined benefit plans														
5. Carry-forward of retained earnings from other comprehensive income														
6. Others														
(V) Special reserves														
1. Current withdrawal														
2. Current use														
(VI) Others														
<b>IV. Balance at the end of the current year</b>	1,430,000,000.00	-	-	-	-	-4,058,343.45	-	547,653,992.38	-	8,883,910,525.69	-	20,027,574,793.73	3,351,064,807.16	23,388,639,000.89

Head of the Accounting Department:

Principal in charge of accounting:

Legal Representative:

# Consolidated Statement of Changes in Shareholders' Equity

2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	Other equity instruments				Equity attributable to the shareholders of the parent company				Non-controlling interest	Total shareholders' equity					
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve			Surplus reserve	General risk reserve	Undistributed profit	Others	Sub-total
<b>I. Balance at the end of previous year</b>	1,200,000,000.00	-	-	-	6,186,270,021.65	-	323,415.96	-	317,171,455.76	-	3,726,555,772.95	-	11,430,320,666.32	2,423,842,339.71	13,854,163,006.03
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior-period error correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Merger of enterprises under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at the beginning of the current year</b>	1,200,000,000.00	-	-	-	6,186,270,021.65	-	323,415.96	-	317,171,455.76	-	3,726,555,772.95	-	11,430,320,666.32	2,423,842,339.71	13,854,163,006.03
<b>III. Amount of increase/decrease/change in the current year (decrease is represented by "-")</b>	-	-	-	-	48,479,379.13	-	-3,459.10	-	26,434,212.33	-	634,572,624.53	-	611,048,444.56	36,027,872.43	647,076,316.99
(I) Total comprehensive income	-	-	-	-	-	-	-3,459.10	-	-	-	634,572,624.53	-	634,569,065.43	193,641,706.15	828,210,801.58
(II) Contribution and reduction of capital by shareholders	-	-	-	-	48,479,379.13	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares contributed by shareholders	-	-	-	-	48,479,379.13	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount included in Shareholders' equity in share payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	16,533,079.80	-	-	-	-	-	-	-	16,533,079.80	3,020,566.62	19,603,646.32
1. Withdrawal of surplus reserves	-	-	-	-	31,696,299.33	-	-	-	-	-	-	-	31,696,299.33	-36,681,420.66	-3,785,121.33
2. Withdrawal of general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-72,000,000.00	-124,933,011.68	-196,933,011.68
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Carry-forward of Shareholders' equity	-	-	-	-	-	-	-	-	-	-	-72,000,000.00	-	-72,000,000.00	-124,933,011.68	-196,933,011.68
1. Conversion of capital reserves to increase share capital	-	-	-	-	-	-	-	-	-	-	-72,000,000.00	-	-72,000,000.00	-124,933,011.68	-196,933,011.68
2. Conversion of surplus reserves to increase share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Making up of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Carry-forward of retained earnings from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Carry-forward of retained earnings from other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Current withdrawal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Current use	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	319,956.86	-	-	-	-	-	-	-	-
<b>IV. Balance at the end of the current year</b>	1,200,000,000.00	-	-	-	6,234,749,400.78	-	319,956.86	-	343,605,668.09	-	4,282,641,065.15	-	12,041,369,110.88	2,459,870,212.14	14,501,239,323.02

Legal Representative: \_\_\_\_\_ Head of the Accounting Department: \_\_\_\_\_

Principal in charge of accounting: \_\_\_\_\_

\_\_\_\_\_

# Statement of Changes in Shareholders' Equity of the Parent Company

2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	2021						Total shareholders' equity		
	Share capital	Preference shares	Perpetual bonds	Other equity instruments	Less: Treasury shares	Other comprehensive income			
				Capital reserve	Surplus reserve	Special reserve	Undistributed profit	Others	
<b>I. Balance at the end of previous year</b>	1,200,000,000.00	-	-	6,197,070,310.25	341,888,574.16	-	2,387,719,883.77	-	10,126,778,788.18
Add: Changes in accounting policy									
Prior-period error correction									
Others									
<b>II. Balance at the beginning of the current year</b>	1,200,000,000.00	-	-	6,197,070,310.25	341,888,574.16	-	2,387,719,883.77	-	10,126,778,788.18
<b>III. Amount of increase/decrease/change in the current year (decrease is represented by "-")</b>									
(I) Total comprehensive income	230,000,000.00	-	-	2,917,787,382.14	204,048,324.29	-	1,716,434,918.56	-	5,068,270,624.99
(II) Contribution and reduction of capital by shareholders	230,000,000.00	-	-	2,917,787,382.14	204,048,324.29	-	2,040,483,242.85	-	2,040,483,242.85
1. Ordinary shares contributed by shareholders	230,000,000.00	-	-	2,917,787,382.14	-	-	-	-	3,147,787,382.14
2. Capital contributed by other equity instrument holders				2,910,800,925.34	-	-	-	-	3,140,600,925.34
3. Amount included in Shareholders' equity in share payment				6,987,053.80	-	-	-	-	6,987,053.80
4. Others									
(III) Profit distribution									
1. Withdrawal of surplus reserves					204,048,324.29	-	-324,046,324.29	-	-120,000,000.00
2. Distributions to shareholders					204,048,324.29	-	-204,048,324.29	-	-120,000,000.00
3. Others									
(IV) Carry-forward of Shareholders' equity									
1. Conversion of capital reserves to increase share capital									
2. Conversion of surplus reserves to increase share capital									
3. Making up of losses by surplus reserves									
4. Carry-forward of retained earnings from changes in defined benefit plans									
5. Carry-forward of retained earnings from other comprehensive income									
6. Others									
(V) Special reserves									
1. Current withdrawal									
2. Current use									
(VI) Others									
<b>IV. Balance at the end of the current year</b>	1,430,000,000.00	-	-	9,114,857,692.39	546,036,898.45	-	4,104,154,802.33	-	15,195,049,393.17

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:

# Statement of Changes in Shareholders' Equity of the Parent Company

2021, prepared by: Xinte Energy Co., Ltd.

Unit: RMB

Items	2020						Total shareholders' equity					
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares		Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others
<b>I. Balance at the end of previous year</b>	1,200,000,000.00	-	-	-	6,187,230,094.25	-	-	-	315,554,361.83	2,219,063,715.84	-	9,921,908,171.92
Add: Changes in accounting policy												
Prior-period error correction												
Others												
<b>II. Balance at the beginning of the current year</b>	1,200,000,000.00	-	-	-	6,187,230,094.25	-	-	-	315,554,361.83	2,219,063,715.84	-	9,921,908,171.92
<b>III. Amount of increase/decrease/change in the current year (decrease is represented by "-")</b>												
(I) Total comprehensive income												
(II) Contribution and reduction of capital by shareholders												
1. Ordinary shares contributed by shareholders												
2. Capital contributed by other equity instrument holders												
3. Amount included in Shareholders' equity in share payment												
4. Others												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Distributions to shareholders												
3. Others												
(IV) Carry-forward of Shareholders' equity												
1. Conversion of capital reserves to increase share capital												
2. Conversion of surplus reserves to increase share capital												
3. Making up of losses by surplus reserves												
4. Carry-forward of retained earnings from changes in defined benefit plans												
5. Carry-forward of retained earnings from other comprehensive income												
6. Others												
(V) Special reserves												
1. Current withdrawal												
2. Current use												
(VI) Others												
<b>IV. Balance at the end of the current year</b>	1,200,000,000.00	-	-	-	6,197,070,310.25	-	-	-	341,988,574.16	2,387,719,883.77	-	10,126,776,768.18

Legal Representative:

Principal in charge of accounting:

Head of the Accounting Department:



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## I. GENERAL INFORMATION OF THE COMPANY

### (I) Company Profile

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## I. GENERAL INFORMATION OF THE COMPANY (Continued)

### (I) Company Profile (Continued)

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

### (II) Nature of Business

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

### (III) Main Business

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

## II. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

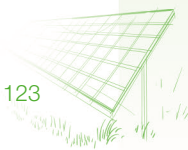
## III. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

### 1. Basis of preparation

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

### 2. Going concern

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

### 1. Statement of compliance with the ASBE

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

### 2. Accounting period

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

### 3. Business cycle

The business cycle of the Group is 12 months.

### 4. Recording currency

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 5. Accounting treatment method for business merger under common control and different control (Continued)

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

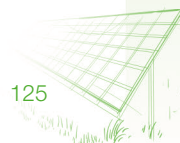
### 6. Preparation methods of consolidated financial statements

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

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 6. Preparation methods of consolidated financial statements (Continued)

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 8. Cash and cash equivalents

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

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

#### (1) Foreign currency transaction

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

#### (2) Conversion of financial statements in foreign currency

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial assets and financial liabilities

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

#### (1) Financial assets

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

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial assets and financial liabilities (Continued)

#### (1) Financial assets (Continued)

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

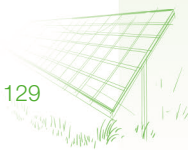
The Group recognizes interest income using the effective interest method. Interest income is calculated and determined by multiplying the effective interest rate by the carrying balance of the financial asset, except: ① for the purchased or internally generated credit-impaired financial assets, their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

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

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial assets and financial liabilities (Continued)

#### (1) Financial assets (Continued)

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

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

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

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

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial assets and financial liabilities (Continued)

#### (2) Financial liabilities

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

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

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

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

##### 2) *Derecognition conditions of financial liabilities*

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial assets and financial liabilities (Continued)

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

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

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

#### (4) Offset of financial assets and financial liabilities

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

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial assets and financial liabilities (Continued)

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 11. Notes receivable

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 12. Provision for bad debt of receivables

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 12. Provision for bad debt of receivables (Continued)

#### (2) Measurement of expected credit loss

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 13. Receivables financing

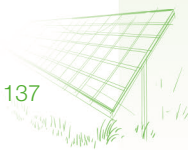
Receivable financing items reflect notes receivable and accounts receivable at fair value through other comprehensive income on the balance sheet date. According to the needs of its daily fund management, the Group discounts and endorses certain bank acceptance bills, and factorizes a part of accounts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

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

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 14. Inventories

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

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

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

### 15. Contract assets

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

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

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

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

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 15. Contract assets (Continued)

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

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

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

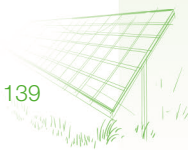
### 16. Contract costs

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

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 16. Contract costs (Continued)

#### (2) Amortization of assets related to contract costs

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

#### (3) Impairment of assets related to contract costs

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

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

### 17. Other debt investments

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

### 18. Long-term equity investments

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 18. Long-term equity investments (Continued)

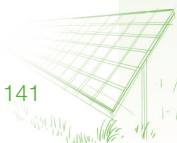
The Group directly or indirectly through its subsidiaries owns more than 20% (inclusive) but less than 50% of the voting right of the investee, which is usually deemed to have significant influence on the investee. For voting rights of less than 20% in the investee, significant influence over the investee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

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

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 18. Long-term equity investments (Continued)

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

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

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

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 18. Long-term equity investments (Continued)

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

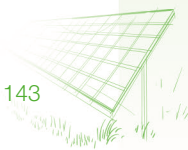
For each transaction where equity is disposed by the Group in stages until loss of control and which does not belong to a package transaction, the accounting for each transaction shall be conducted separately. For the package transaction, the accounting treatment shall be conducted on each transaction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

### 19. Investment properties

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 20. Fixed assets

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 20. Fixed assets (Continued)

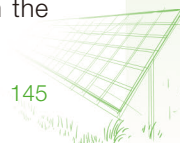
The fixed assets are derecognized on disposal or when no future economic benefits are expected from their use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of the fixed assets, net of their carrying amounts and related taxes, is included in the current profits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

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

### 21. Construction in progress

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 22. Borrowing costs

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

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

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

### 23. Right-of-use assets

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

#### (1) Initial measurement

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

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 23. Right-of-use assets (Continued)

#### (2) Subsequent measurement

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

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

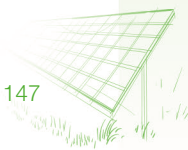
#### (3) Depreciation of right-of-use assets

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

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 24. Intangible assets

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

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

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

### 25. Research and development

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 25. Research and development (Continued)

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

### 26. Impairment of non-financial long-term assets

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 27. Goodwill

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

### 28. Contract liabilities

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

### 29. Long-term deferred expenses

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

### 30. Staff remuneration

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 30. Staff remuneration (Continued)

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

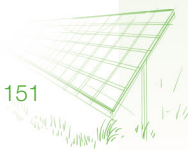
The internal retirement plan for employees shall be treated by the same principle as the above termination benefits. The Group will pay the salary and contribute social insurance for the internal retirement from the service ceased to be provided by such employee to normal retirement. Such fee is included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

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

### 31. Accrued liabilities

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 32. Lease liabilities

#### (1) Initial measurement

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

##### 1) *Lease payments*

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

##### 2) *Discount rate*

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

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 32. Lease liabilities (Continued)

#### (2) Subsequent measurement

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

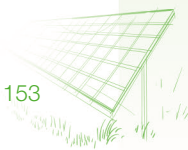
The interest expenses of the lease liabilities in each period of the lease term are calculated at fixed periodic interest rates and are included in the profit and loss for the current period, except those that shall be capitalized. Periodic interest rates refer to the discount rates used by the Group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

#### (3) Re-measurement

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

### 33. Share-based payments

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 33. Share-based payments (Continued)

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

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

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

### 34. Special reserve

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

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

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 35. Revenue recognition principles

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

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

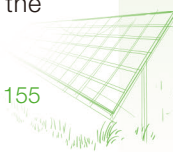
When the contract contains two or more performance obligations, on the inception of the contract, the transaction price is allocated to each separate performance obligation in proportion to the stand-alone price of the promised goods or services, and the revenue is recognized according to the transaction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

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

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 35. Revenue recognition principles (Continued)

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

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

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

Specific policies and methods for revenue recognition are as follows:

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



## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 35. Revenue recognition principles (Continued)

- ② For the development and construction business of wind power and PV power plants, the Group assesses contracts at their effective dates and determines whether the relevant contract performance obligations meet the condition to “performance over time”.

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

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

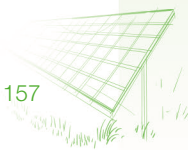
If the condition to “performance over time” is not met, the Group recognizes revenue based on the transaction price specified in the contract or relevant documents when the related products are completed and delivered.

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

### 36. Government grants

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 36. Government grants (Continued)

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

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

### 37. Deferred income tax assets and deferred income tax liabilities

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

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

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 38. Lease

#### (1) Identification of lease

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

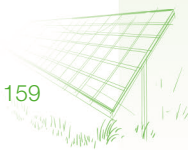
Where a contract concurrently contains multiple separate leases, the Group splits the contract and conducts accounting treatment respectively for all separate leases. Where a contract concurrently includes both leased and non-leased parts, the Group shall split the leased and non-leased parts and conduct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

#### (2) The Group as lessee

On the beginning date of the lease term, the Group recognizes the right-of-use assets and lease liabilities of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 38. Lease (Continued)

#### (2) The Group as lessee (Continued)

##### 2) *Changes in leases (Continued)*

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

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

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

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

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 38. Lease (Continued)

#### (3) The Group as a lessor

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

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

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

#### 1) *Accounting treatment for financial lease*

##### Initial measurement

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 38. Lease (Continued)

#### (3) The Group as a lessor (Continued)

##### 1) Accounting treatment for financial lease (Continued)

###### Initial measurement (Continued)

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

###### Subsequent measurement

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

###### Accounting treatment for lease modification

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

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 38. Lease (Continued)

#### (3) The Group as a lessor (Continued)

##### 1) *Accounting treatment for financial lease (Continued)*

###### Accounting treatment for lease modification (Continued)

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

##### 2) *Accounting treatment for operating lease*

###### Treatment of lease payment

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

###### Incentive measures provided

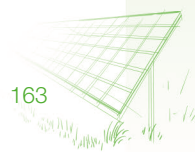
Total rental of the Group is recognized on a straight-line basis over the period of the lease, without excluding the rent-free period, rental fees are recognized during the rent-free period. If the Group has undertaken certain expenses of the lessee, the expenses will be deducted from total rental income,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

###### Initial direct costs

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

###### Depreciation

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





# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 38. Lease (Continued)

#### (3) The Group as a lessor (Continued)

##### 2) *Accounting treatment for operating lease (Continued)*

Variable lease payments

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

Operating lease modification

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

### 39. Held-for-sale

- (1) The Group classifies non-current assets or disposal group that meet the following criteria as available-for-sale: 1) Disposable immediately under current conditions based on similar transactions for disposals of such assets or practices for the disposal group; 2) Probable disposal; that is, a decision has been made on a plan for disposal and an undertaking to purchase has been obtained, and the disposal is expected to be completed within a year. Relevant approval is required for disposals requiring approval of relevant authorities or regulators as required by relevant regulations. Before the Group classifies non-current assets or disposal groups as held for sale for the first time, the book value of each asset and liability of the non-current assets or disposal group is measured according to the requirements of the relevant accounting standards. On initial measurement or remeasurement on the balance sheet date of held as available-for-sale non-current assets or disposal group, where book value is higher than the net value of fair value less disposal expenses, the difference between book value and the net value of fair value less disposal expenses is recognized as asset impairment loss in profit and loss in the current period, and at the same time, provision is made for impairment of assets held for sale.

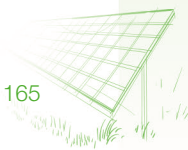
## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 39. Held-for-sale (Continued)

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 39. Held-for-sale (Continued)

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

### 40. Hedge Accounting

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 40. Hedge Accounting (Continued)

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

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

### 41. Accounting for income tax

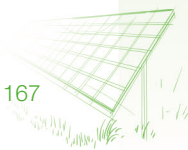
Income tax is accounted for using the liability method. Income tax expenses represent the sum of current income tax and deferred income tax. Current income tax and deferred income tax relating to the transactions and matters that are directly recorded in shareholders' equity are dealt with in shareholders'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

The current income tax payable is the amount of tax payable to taxation authority by the enterprises in respect of the transactions and matters of the current year calculated according to the taxation regulations. The deferred income tax is the difference between the balances of the deferred income tax assets and deferred income tax liabilities that should be recognized using the balance sheet liabilities approach at the end of the year and their balances originally recognized.

### 42. Other comprehensive income

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 42. Other comprehensive income (Continued)

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

### 43. Discontinued operation

The Group will satisfy one of the following conditions, and the component has been disposed of or classified as held for sale, and can be separately recognized as a component of discontinued operation: (1) the component represents an independent main business or a separate major business area; (2) this component is proposed disposal plan on an independent main business or proposed disposal in a separate major business area; (3) this component is a subsidiary that is specifically acquired for resale.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 44. Changes in significant accounting policies and accounting estimates

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

The content and reasons for changes in accounting policies	Remark
On 30 December 2021, the MOF issued the Interpretation of CASBE 15 Cai Kuai [2021] No. 35, which adjusts the accounting treatment regarding the external sales of the fixed assets before reaching intended use and the products or by-products produced during the R&D process, with effect from 1 January 2022	Description 1

Description 1: According to the Interpretation of CASBE 15 Cai Kuai [2021] No. 35 (the “CASBE 15”) issued by the MOF on 30 December 2021, an enterprise that commences external sales of the fixed assets before reaching intended use and the products or by-products produced during the R&D process (the “trial sales”) shall comply with the requirements of the CASBE 14 – Revenue and CASBE 1 – Inventories to account for the revenue and costs related to the trial sales respectively and include them in the current profit or loss. The net amount of revenue from trial sales offset by the related costs shall not be offset against the fixed asset costs or R&D expenses. It also stipulates the accounting treatment for necessary expenses before the external sales of products or by-products produced during the trial sales, and the expenses for testing the fixed assets for intended use.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

Impact on the consolidated balance sheet in 2020:

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

Impact on the consolidated statement of income in 2020:

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

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

## V. TAXATION

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

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



## V. TAXATION (Continued)

### 2. Tax preference and approvals

#### (1) Value-added tax

According to the Announcement of the MOF, the State Administration of Taxation and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (Announcement No. 39 [2019] of the MOF, the State Taxation Administration and the General Administration of Customs), Xinjiang Xinte Xinneng Materials Co., Ltd., a subsidiary of the Company, as a taxpayer of production service industry, shall deduct the tax payable by 10% of the current deductible input tax amount from 1 April 2019 to 31 December 2021.

According to the Announcement of the MOF, the State Administration of Taxation and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (Announcement No. 39 [2019] of the MOF, the State Administration of Taxation and the General Administration of Customs), Xinjiang Information Technology Co., Ltd., a subsidiary of the Company, as a taxpayer of production service industry, shall deduct the tax payable by 10% of the current deductible input tax amount from 1 April 2019 to 31 December 2021.

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## V. TAXATION (Continued)

### 2. Tax preference and approvals (Continued)

#### (2) Enterprise income tax

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

According to the Notice of the Ministry of Science and Technology, the MOF and the State Administration of Taxation on the Revision and Issuance of the Administrative Measures for Determination of High-Tech Enterprises (Guo Ke Fa Huo [2016] No. 32), Xinte Energy Co., Ltd. was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Bureau of Xinjiang Uygur Autonomous Region, with the certificate number GR202065000004, issued on 19 October 2020, valid for three years, and the enterprise income tax rate of 15% of Xinte Energy Co., Ltd. for 2021.

According to the Notice of the Ministry of Science and Technology, the MOF and the State Administration of Taxation on the Revision and Issuance of the Administrative Measures for Determination of High-Tech Enterprises (Guo Ke Fa Huo [2016] No. 32), Xinjiang Jingshuo New Materials Co., Ltd. (新疆晶碩新材料有限公司), a subsidiary of the Company, was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Bureau of Xinjiang, with the certificate number GR201965000055, issued on 29 September 2019, valid for three years, and the enterprise income tax rate of 15% of Xinjiang Jingshuo New Materials Co., Ltd. for 2021.

According to the Notice of the Ministry of Science and Technology, the MOF and the State Administration of Taxation on the Revision and Issuance of the Administrative Measures for Determination of High-Tech Enterprises (Guo Ke Fa Huo [2016] No. 32), Xinjiang Xinte Xinneng Materials Co., Ltd., a subsidiary of the Company, was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Bureau of Xinjiang Uygur Autonomous Region, with the certificate number GR202065000064, issued on 19 October 2020, valid for three years, and the enterprise income tax rate of 15% for 2021.

According to the Notice of the Ministry of Science and Technology, the MOF and the State Administration of Taxation on the Revision and Issuance of the Administrative Measures for Determination of High-Tech Enterprises (Guo Ke Fa Huo [2016] No. 32), Xinjiang Xinte Energy Construction Material Co., Ltd., a subsidiary of the Company, was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Bureau of Xinjiang Uygur Autonomous Region, with the certificate number GR202065000038, issued on 19 October 2020, valid for three years, and the enterprise income tax rate of 15% for 2021.

## V. TAXATION (Continued)

### 2. Tax preference and approvals (Continued)

#### (2) Enterprise income tax (Continued)

##### 1) *Preferential tax treatment for hi-tech enterprises (Continued)*

According to the Notice of the Ministry of Science and Technology, the MOF and the State Administration of Taxation on the Revision and Issuance of the Administrative Measures for Determination of High-Tech Enterprises (Guo Ke Fa Huo [2016] No. 32), TBEA Xinjiang New Energy Co., Ltd., a subsidiary of the Company, was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance of Xinjiang and State Taxation Administration, with the certificate number GR202165000138, issued on 18 September 2021, valid for three years, and the enterprise income tax rate of 15% for 2021.

According to the Notice of the Ministry of Science and Technology, the MOF and the State Administration of Taxation on the Revision and Issuance of the Administrative Measures for Determination of High-Tech Enterprises (Guo Ke Fa Huo [2016] No. 32), TBEA Xi'an Electrical Technology Co., Ltd., a subsidiary of the Company, was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Administration of Shaanxi, with the certificate number GR201961000187, issued on 7 November 2019, valid for three years, and the enterprise income tax rate of 15% for 2021.

According to the Notice of the Ministry of Science and Technology, the MOF and the State Administration of Taxation on the Revision and Issuance of the Administrative Measures for Determination of High-Tech Enterprises (Guo Ke Fa Huo [2016] No. 32), Xi'an TBEA Electric Power Design Co., Ltd., a subsidiary of the Company, was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Administration of Shaanxi, with the certificate number GR201961001471, issued on 2 December 2019, valid for three years, and the enterprise income tax rate of 15% for 2021.

According to the Notice of the Ministry of Science and Technology, the MOF and the State Administration of Taxation on the Revision and Issuance of the Administrative Measures for Determination of High-Tech Enterprises (Guo Ke Fa Huo [2016] No. 32), TBEA Xi'an Flexible Power Transmission & Distribution Co., Ltd., a subsidiary of the Company, was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Administration of Shaanxi, with the certificate number GR202061000278, issued on 1 December 2020, valid for three years, and the enterprise income tax rate of 15% for 2021.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## V. TAXATION (Continued)

### 2. Tax preference and approvals (Continued)

#### (2) Enterprise income tax (Continued)

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

According to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of the Western Region (MOF Notice 2020 No. 23) by the MOF, the State Administration of Taxation and the NDRC, Xinjiang Xinte Crystal Silicon Hightech Co., Ltd., a subsidiary of the Company, is eligible for the preferential enterprise income tax policy for exploration and development of the western region with the enterprise income tax rate of 15% of Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. for 2021.

According to the Shan Fa Gai Industrial Confirmation Letter [2013] No. 207 dated 11 March 2014, the main business of Shaanxi TBEA New Energy Co., Ltd., a subsidiary of the Company, is eligible for the contents stipulated in Article 16 of Distributed Power Supply and Promotion and Application of On-Grid Technology under Item 4 (Electricity) and Article 5 of Integrated Building for Solar Thermal Utilization and PV Power Generation under Article 21 (Construction) in the Encouragement Category of the Guidance Catalogue for Industry Structure Adjustment (2011) to be an industry encouraged by the State to enjoy the preferential tax policies for exploration and development of the western region, with the enterprise income tax rate of 15% for 2021.

According to the Shan Fa Gai Industrial Confirmation Letter [2013] No. 208 dated 14 March 2014, the main business of Xi'an Purui Xinte Energy Co., Ltd., a subsidiary of the Company, is eligible for the contents stipulated in Article 18 of Advanced Solar PV cells and High Purity Crystalline Silicon Materials of under Item 19 (Light Industry) in the Encouragement Category of the Guidance Catalogue for Industry Structure Adjustment (2011) to be an industry encouraged by the State to enjoy the preferential tax policies for exploration and development of the western region, with the enterprise income tax rate of 15% for 2021.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

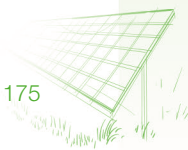
## V. TAXATION (Continued)

### 2. Tax preference and approvals (Continued)

#### (2) Enterprise income tax (Continued)

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

According to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of the Western Region (MOF Notice 2020 No. 23) by the MOF, the State Administration of Taxation and the NDRC, TBEA Xinjiang New Energy Co., Ltd., TBEA Xi'an Electrical Technology Co., Ltd., TBEA Xi'an Flexible Power Transmission & Distribution Co., Ltd., Xi'an TBEA Electric Power Design Co., Ltd., Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司), Guyang County Wind Power Generation Co., Ltd., Habahe County Xinte Wind Power Co., Ltd., Hami Fengshang Power Generation Co., Ltd., Hami Huafeng New Energy Power Generation Co., Ltd., Heqing Huineng Power Generation Co., Ltd., Mulei County Jiayu Fengsheng Power Generation Co., Ltd. (木壘縣嘉裕風晟發電有限公司), Mulei County Xinte Huineng Power Generation Co., Ltd., Naimanqi Huite Photovoltaic Power Generation Co., Ltd., Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. (圖木舒克東潤環能光伏發電有限公司), Wuqi County Huaguang New Energy Co., Ltd. (吳起縣華光新能源有限公司), Xi'an Guangcheng Electricity Sales Co., Ltd., (西安光成售電有限公司), Xilin Guole Xinyuan New Energy Co., Ltd. (錫林郭勒新園新能源有限公司), Yun County Huineng Power Co., Ltd., Zhengxiangbaiqi Fengsheng Power Generation Co., Ltd., Zhidan County Xinsheng PV Technology Co., Ltd. (志丹縣新晟光伏科技有限公司), Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司) and Hami Source Power Co., Ltd., subsidiaries of the Company, are eligible for the preferential enterprise income tax policies for the strategy of exploration and development of the western region, with the enterprise income tax rate of 15% for 2021.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## V. TAXATION (Continued)

### 2. Tax preference and approvals (Continued)

#### (2) Enterprise income tax (Continued)

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

According to the Notice of Implementing Inclusive Tax Relief Policy for Small and Micro Size Enterprises (Cai Shui [2019] No. 13) by the State Administration of Taxation, for the part of small and low-profit enterprises whose annual taxable income does not exceed RMB1 million, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%; for the part of annual taxable income exceeding RMB1 million but not exceeding RMB3 million, it shall be included in the taxable income at a reduced rate of 50% and the enterprise income tax shall be paid at the tax rate of 20%. According to the Notice of the State Administration of Taxation on Issues Concerning the Implementation of Preferential Income Tax Policies to Support the Development of Small and Low-Profit Enterprises and Individual Business (SAT Notice 2021 No. 8), from 1 January 2021 to 31 December 2022, for the part of small and low-profit enterprises whose annual taxable income does not exceed RMB1 million, 12.5% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. Xinjiang Information Technology Co., Ltd., Xinjiang Changhe Yangguang Property Services Co., Ltd. (新疆昌和陽光物業服務有限公司), Xi'an Xinte Ruiyang Technology Co., Ltd. (西安新特瑞陽科技有限公司) and Urumqi Huaguang Guangsheng Power Technology Co., Ltd., subsidiaries of the Company, are eligible for the preferential tax policies for small and micro size enterprises, with the enterprise income tax levied at the applicable tax rate for small and micro size enterprises in 2021.

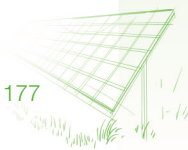
## V. TAXATION (Continued)

### 2. Tax preference and approvals (Continued)

#### (2) Enterprise income tax (Continued)

##### 4) *Preferential enterprise income tax of “three exemptions and three halves”*

According to the Notice on the Execution of the Catalog of Public Infrastructure Projects Entitled for Preferential Tax Treatment (Cai Shui [2012] No. 10), Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司), Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司), Chongren County Huafeng Power Generation Co., Ltd., Guyang County Wind Power Generation Co., Ltd., Habahe County Xinte Wind Power Co., Ltd., Hami Fengshang Power Generation Co., Ltd., Hami Huafeng New Energy Power Generation Co., Ltd., Heze Mudan District Haofeng New Energy Co., Ltd. (荷澤市牡丹區浩風新能源有限公司), Heqing Huineng Power Generation Co., Ltd., Mulei County Jiayu Fengsheng Power Generation Co., Ltd. (木壘縣嘉裕風晟發電有限公司), Mulei County Xinte Huineng Power Generation Co., Ltd., Naimanqi Huite Photovoltaic Power Generation Co., Ltd., Ruicheng County Huiyuan Power Generation Co., Ltd. (芮城縣輝源發電有限責任公司), Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. (圖木舒克東潤環能光伏發電有限公司), Wuqi County Huaguang New Energy Co., Ltd. (吳起縣華光新能源有限公司), Xi'an Guangcheng Electricity Sales Co., Ltd. (西安光成售電有限公司), Xilin Guole Xinyuan New Energy Co., Ltd. (錫林郭勒新園新能源有限公司), Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限責任公司), Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司), Yun County Huineng Power Co., Ltd., Zhengxiangbaiqi Fengsheng Power Generation Co., Ltd., Zhidan County Xinsheng PV Technology Co., Ltd. (志丹縣新晟光伏科技有限公司), Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司) and Hami Source Power Co., Ltd., subsidiaries of the Company that are engaged in public infrastructure projects is entitled to the “three exemptions and three halves” preferential policy for enterprise income tax calculated in accordance with the new tax law starting from the taxable year in which the project generates the first operating income.





# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## VI. Notes to Key Items of Consolidated Financial Statements

For the data of consolidated financial statements disclosed below, unless otherwise indicated, “opening” or “beginning of the year” represents 1 January 2021, “closing” or “end of the year” represents 31 December 2021, “current year” represents the year from 1 January to 31 December 2021, “previous year” represents the year from 1 January to 31 December 2020, all figures are stated in RMB.

### 1. Monetary capital

Items	Closing balance	Opening balance
Cash in hand	0.00	0.00
Bank deposits	3,192,107,888.60	1,993,529,192.05
Other monetary capital	2,186,904,067.03	1,670,500,393.68
<b>Total</b>	<b>5,379,011,955.63</b>	3,664,029,585.73
Including: Total amount deposited overseas	52,157,920.02	66,522,337.92

### Restricted monetary capital

Items	Closing balance	Opening balance
Security deposits for bank acceptance notes	863,957,293.09	670,153,734.60
Term deposits or call deposits	1,201,755,007.71	801,347,761.93
Security deposits for the letter of guarantee	63,667,144.00	149,286,682.43
Others	57,524,622.23	49,712,214.72
<b>Total</b>	<b>2,186,904,067.03</b>	1,670,500,393.68

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 2. Financial assets held for trading

Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss	<b>76,985,909.10</b>	70,282,947.84
Including: Investments in equity instruments	<b>74,181,946.75</b>	63,519,586.39
Investments in derivative instruments	<b>2,803,962.35</b>	6,763,361.45
<b>Total</b>	<b>76,985,909.10</b>	70,282,947.84

### 3. Notes receivable

#### (1) Notes receivable by category

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

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

Items	Pledged amount at the end of the year
Bank acceptance notes	<b>833,490,619.23</b>
Trade acceptance notes	<b>0.00</b>
<b>Total</b>	<b>833,490,619.23</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 3. Notes receivable (Continued)

- (3) Notes receivables endorsed or discounted at the end of the year but not mature at the balance sheet date

Items	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Bank acceptance notes	0.00	558,129,745.45
Trade acceptance notes	0.00	26,412,810.77
<b>Total</b>	<b>0.00</b>	<b>584,542,556.22</b>

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

Nil.

- (5) Method of provision for bad debts by category

Category	Provision for bad debts		Closing balance Carrying amount		Book balance
	Amount	Percentage (%)	Amount	Provision percentage (%)	
Bad debt provision made on individual basis	0.00	0.00	0.00	0.00	0.00
Bad debt provision made on a collective basis	1,820,717,522.29	100.00	18,207,175.23	1.00	1,802,510,347.06
Including: Bank acceptance notes	1,741,144,377.10	95.63	17,411,443.77	1.00	1,723,732,933.33
Trade acceptance notes	79,573,145.19	4.37	795,731.46	1.00	78,777,413.73
<b>Total</b>	<b>1,820,717,522.29</b>	<b>100.00</b>	<b>18,207,175.23</b>	<b>—</b>	<b>1,802,510,347.06</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 3. Notes receivable (Continued)

#### (5) Method of provision for bad debts by category (Continued)

Category	Opening balance		Carrying amount		Book balance
	Provision for bad debts Amount	Percentage (%)	Amount	Provision percentage (%)	
Bad debt provision made on individual basis	0.00	0.00	0.00	0.00	0.00
Bad debt provision made on a collective basis	1,075,971,324.63	100.00	10,759,713.25	1.00	1,065,211,611.38
Including: Bank acceptance notes	1,068,156,909.94	99.27	10,681,569.12	1.00	1,057,475,340.82
Trade acceptance notes	7,814,414.69	0.73	78,144.13	1.00	7,736,270.56
<b>Total</b>	<b>1,075,971,324.63</b>	<b>100.00</b>	<b>10,759,713.25</b>	<b>—</b>	<b>1,065,211,611.38</b>

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

Category	Opening balance	Changes of the year			Closing balance
		Accrued	Recovered or reversed	Carry-forward or written off Others	
Bank acceptance notes	10,681,569.12	6,729,874.65	0.00	0.00	<b>17,411,443.77</b>
Trade acceptance notes	78,144.13	717,587.33	0.00	0.00	<b>795,731.46</b>
<b>Total</b>	<b>10,759,713.25</b>	<b>7,447,461.98</b>	<b>0.00</b>	<b>0.00</b>	<b>18,207,175.23</b>

#### (7) Notes receivable written off in the current year

Nil.

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 4. Accounts receivable

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

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

Note: Details of restricted accounts receivable are set out in Note VI. 58; details of pledged accounts receivable are set out in Note XIV. 3.

Category	Book balance		Opening balance		Carrying amount
	Amount	Percentage (%)	Provision for bad debts		
			Amount	Provision percentage (%)	
Bad debt provision made on individual basis	0.00	0.00	0.00	0.00	0.00
Bad debt provision made on a collective basis	4,872,091,298.14	100.00	285,886,593.89	5.87	4,586,204,704.25
Including: Portfolio of aging	3,218,906,330.50	66.07	214,561,849.91	6.67	3,004,344,480.59
Portfolio of electricity and subsidies	1,653,184,967.64	33.93	71,324,743.98	4.31	1,581,860,223.66
<b>Total</b>	<b>4,872,091,298.14</b>	<b>100.00</b>	<b>285,886,593.89</b>	<b>—</b>	<b>4,586,204,704.25</b>

1) Bad debt provision made on accounts receivable on individual basis: Nil.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 4. Accounts receivable (Continued)

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

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

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

Aging	Opening balance		Provision percentage (%)
	Accounts receivable	Bad debt provision	
Within 1 year (inclusive)	2,241,375,285.39	44,827,505.68	2.00
1 year to 2 years (inclusive)	431,597,075.65	21,579,853.79	5.00
2 years to 3 years (inclusive)	283,592,788.69	56,718,557.74	20.00
3 years to 4 years (inclusive)	238,961,979.01	71,688,593.71	30.00
4 years to 5 years (inclusive)	7,263,725.54	3,631,862.77	50.00
Over 5 years	16,115,476.22	16,115,476.22	100.00
<b>Total</b>	<b>3,218,906,330.50</b>	<b>214,561,849.91</b>	<b>—</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 4. Accounts receivable (Continued)

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

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

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

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

#### (2) Accounts receivable by aging based on recording dates

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	4,350,167,515.00	2,965,798,655.07
1 year to 2 years (inclusive)	940,520,543.03	975,307,298.95
2 years to 3 years (inclusive)	618,125,502.94	582,111,943.38
3 years to 4 years (inclusive)	342,224,496.83	325,494,198.98
4 years to 5 years (inclusive)	226,828,878.94	7,263,725.54
Over 5 years	20,238,333.29	16,115,476.22
<b>Total</b>	<b>6,498,105,270.03</b>	4,872,091,298.14



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 4. Accounts receivable (Continued)

#### (3) Bad debt provision for accounts receivable

Category	Opening balance	Changes of the current year			Others	Closing balance
		Accrued	Recovered or reversed	Carry-forward or written off		
Bad debt provision made on accounts receivable	285,886,593.89	114,229,364.79	0.00	3,623,921.14	-1,696,219.52	<b>394,795,818.02</b>
<b>Total</b>	285,886,593.89	114,229,364.79	0.00	3,623,921.14	-1,696,219.52	<b>394,795,818.02</b>

Note: Other changes in bad debt provision of the year in an amount of RMB-1,696,219.52 was due to the transfer of the Group's subsidiaries during the year.

#### (4) Accounts receivable written off in the current year

Item	Amount written off
Accounts receivable written off	3,623,921.14

### 5. Receivables financing

Items	Closing balance	Opening balance
Notes receivable	<b>3,608,991,052.55</b>	726,323,352.90
Factoring of accounts receivable	<b>0.00</b>	13,607,065.02
<b>Total</b>	<b>3,608,991,052.55</b>	739,930,417.92

Note: Details of restricted receivables financing are set out in Note VI. 58.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 6. Prepayments

#### (1) Aging of prepayments

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	469,780,284.89	92.79	502,133,967.19	73.40
1 year to 2 years (inclusive)	29,166,218.88	5.76	158,972,770.08	23.24
2 years to 3 years (inclusive)	3,308,174.43	0.65	5,874,756.10	0.86
Over 3 years	4,030,774.93	0.80	17,083,151.07	2.50
<b>Total</b>	<b>506,285,453.13</b>	<b>100.00</b>	684,064,644.44	100.00

Significant prepayments with aging of over 1 year

Name of entity	Closing balance	Amount of over 1 year	Aging	Reason for unsettlement
Huainan Qianrui Building Materials Sales Co., Ltd. (淮南乾睿建材銷售有限公司)	4,842,456.42	4,842,456.42	1 year to 3 years	The performance of contract has not been completed
Jingmen Sanhe Piles Co., Ltd. (荊門三和管樁有限公司)	4,580,112.00	2,955,018.00	1 year to 2 years	The performance of contract has not been completed
Northwest Power Construction No. 3 Engineering Co., Ltd. (西北電力建設第三工程有限公司)	2,356,437.24	2,356,437.24	1 year to 2 years	The performance of contract has not been completed
Hunan Construction Engineering Group Corporation (湖南建工集團有限公司)	2,281,587.00	1,281,587.00	1 year to 2 years	The performance of contract has not been completed
China National Chemical Engineering No. 4 Construction Co., Ltd. (中國化學工程第四建設有限公司)	1,967,366.76	1,967,366.76	2 years to 3 years	The performance of contract has not been completed
<b>Total</b>	<b>16,027,959.42</b>	13,402,865.42	—	—

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 7. Other receivables

Items	Closing balance	Opening balance
Dividends receivable	96,264,269.15	89,378,628.47
Other receivables	860,322,199.56	880,263,035.37
<b>Total</b>	<b>956,586,468.71</b>	<b>969,641,663.84</b>

#### 7.1 Dividends receivable

(1) Dividends receivable by category

Items	Closing balance	Opening balance
Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司)	20,908,906.98	20,908,906.98
Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公司)	17,657,748.51	0.00
Xuwen Haoneng PV Power Generation Co., Ltd. (徐聞縣昊能光伏發電有限公司)	17,344,905.91	17,344,905.91
Chabuchaer Huaguang Power Generation Co., Ltd. (察布查爾華光發電有限責任公司)	15,314,482.37	15,314,482.37
Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	10,874,696.71	10,874,696.71
Sichuan Ganzi Datang International New Energy Co., Ltd. (四川甘孜大唐國際新能源有限責任公司)	7,559,818.83	8,700,709.88
Wujiaqu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司)	5,698,292.32	0.00
Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	905,417.52	0.00
Hami Xinte Energy Co., Ltd. (哈密新特能源有限責任公司)	0.00	9,363,685.79
TBEA Awat New Energy Co., Ltd. (特變電工阿瓦提縣新能源有限責任公司)	0.00	2,297,010.98
Xinjiang Huadian Hotan PV Power Co., Ltd. (新疆華電和田光伏發電有限責任公司)	0.00	1,962,383.33
Xinjiang Huadian Yanqi Solar Power Co., Ltd. (新疆華電焉耆太陽能發電有限公司)	0.00	1,535,831.61
Kuerle Xinke Solar Power Co., Ltd. (庫爾勒新科太陽能發電有限公司)	0.00	1,076,014.91
<b>Total</b>	<b>96,264,269.15</b>	<b>89,378,628.47</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 7. Other receivables (Continued)

#### 7.1 Dividends receivable (Continued)

(2) Significant dividends receivable with aging of over 1 year

Investees	Closing balance	Aging	Reason for non-recovery	Whether impairment is incurred and the basis of judgment
Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司)	20,908,906.98	1 year to 2 years	Collection conditions have not been met	No
Xuwen Haoneng PV Power Generation Co., Ltd. (徐聞縣昊能光伏發電有限公司)	17,344,905.91	1 year to 4 years	Collection conditions have not been met	No
Chabuchaer Huaguang Power Generation Co., Ltd. (察布查爾華光發電有限責任公司)	15,314,482.37	1 year to 4 years	Collection conditions have not been met	No
Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	10,874,696.71	1 year to 4 years	Collection conditions have not been met	No
Sichuan Ganzi Datang International New Energy Co., Ltd. (四川甘孜大唐國際新能源有限責任公司)	7,559,818.83	3 years to 4 years	Collection conditions have not been met	No
<b>Total</b>	<b>72,002,810.80</b>	–	–	–

#### 7.2 Other receivables

(1) Other receivables by nature

Nature	Book balance at the end of the year	Book balance at the beginning of the year
Advances	677,782,811.66	669,294,991.08
Deposits	192,318,271.51	76,791,732.38
Principals and interests of borrowings	55,973,363.98	169,901,300.20
Related-party transactions	26,493,952.02	48,851,565.45
Daily cash advances	6,695,474.05	11,336,486.55
Others	3,088,886.47	3,181,139.64
<b>Total</b>	<b>962,352,759.69</b>	<b>979,357,215.30</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 7. Other receivables (Continued)

#### 7.2 Other receivables (Continued)

(2) *Bad debt provision made on other receivables*

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Opening balance	0.00	16,782,702.97	82,311,476.96	99,094,179.93
Book balance of other receivables at the beginning of the year	—	—	—	—
— transferred to Stage 2	0.00	0.00	0.00	0.00
— transferred to Stage 3	0.00	-324,600.00	324,600.00	0.00
— reversed to Stage 2	0.00	0.00	0.00	0.00
— reversed to Stage 1	0.00	0.00	0.00	0.00
Accrued in current year	0.00	5,094,630.17	4,907,203.17	10,001,833.34
Reversed in current year	0.00	0.00	1,555,929.68	1,555,929.68
Carry-forward in current year	0.00	0.00	0.00	0.00
Written off in current year	0.00	756,006.15	4,025,756.46	4,781,762.61
Other changes	0.00	-727,760.85	0.00	-727,760.85
<b>Balance</b>	0.00	20,068,966.14	81,961,593.99	102,030,560.13

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 7. Other receivables (Continued)

#### 7.2 Other receivables (Continued)

##### (3) Other receivables by aging

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	<b>338,511,488.08</b>	321,619,632.30
1 year to 2 years (inclusive)	<b>53,910,662.90</b>	226,674,078.86
2 years to 3 years (inclusive)	<b>201,669,268.89</b>	217,220,225.71
3 years to 4 years (inclusive)	<b>209,266,030.41</b>	204,319,437.74
4 years to 5 years (inclusive)	<b>156,049,448.27</b>	7,256,824.37
Over 5 years	<b>2,945,861.14</b>	2,267,016.32
<b>Total</b>	<b>962,352,759.69</b>	979,357,215.30

##### (4) Bad debt provision for other receivables

Category	Opening balance	Accrued	Changes of the current year			Closing balance
			Recovered or reversed	Carry-forward or written off	Others	
Bad debt provision made on other receivables	99,094,179.93	10,001,833.34	1,555,929.68	4,781,762.61	-727,760.85	<b>102,030,560.13</b>
<b>Total</b>	99,094,179.93	10,001,833.34	1,555,929.68	4,781,762.61	-727,760.85	<b>102,030,560.13</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 7. Other receivables (Continued)

#### 7.2 Other receivables (Continued)

(5) Other receivables written off in the current year

Item	Amount written off
Other receivables written off	4,781,762.61

### 8. Inventories

#### (1) Inventories by category

Items	Book balance	Closing balance Reserve for stock depreciation	Book value
Raw materials	1,202,810,605.40	18,769,643.33	1,184,040,962.07
Packaging materials and low-value consumables	10,599,886.09	0.00	10,599,886.09
Goods in stock	421,727,508.04	16,810,419.48	404,917,088.56
Work in progress and semi-finished goods	395,503,849.46	10,849,908.40	384,653,941.06
Materials processed on commission	119,472,108.70	0.00	119,472,108.70
New energy power plants	1,880,194,551.68	265,655,137.50	1,614,539,414.18
<b>Total</b>	<b>4,030,308,509.37</b>	<b>312,085,108.71</b>	<b>3,718,223,400.66</b>

Note: Details of restricted inventories are set out in Note VI. 58; details of pledged inventories are set out in Note XIV. 2.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 8. Inventories (Continued)

#### (1) Inventories by category (Continued)

Items	Book balance	Opening balance Reserve for stock depreciation	Carrying amount
Raw materials	316,247,687.99	7,238,024.66	309,009,663.33
Packaging materials and low-value consumables	18,569,871.84	0.00	18,569,871.84
Goods in stock	111,844,193.57	5,292,003.74	106,552,189.83
Work in progress and semi-finished goods	189,008,463.33	0.00	189,008,463.33
Materials processed on commission	63,701,126.82	0.00	63,701,126.82
New energy power plants	1,738,628,352.89	210,493,420.01	1,528,134,932.88
<b>Total</b>	<b>2,437,999,696.44</b>	<b>223,023,448.41</b>	<b>2,214,976,248.03</b>

#### (2) Reserve for stock depreciation

Items	Opening balance	Increase in current year		Decrease in current year		Closing balance
		Accrued	Others	Carry-forward or written off	Others	
Raw materials	7,238,024.66	15,187,037.79	0.00	3,655,419.12	0.00	<b>18,769,643.33</b>
Goods in stock	5,292,003.74	19,900,589.65	0.00	8,382,173.91	0.00	<b>16,810,419.48</b>
Work in progress and semi-finished goods	0.00	10,849,908.40	0.00	0.00	0.00	<b>10,849,908.40</b>
New energy power plants	210,493,420.01	87,567,216.20	0.00	32,405,498.71	0.00	<b>265,655,137.50</b>
<b>Total</b>	<b>223,023,448.41</b>	<b>133,504,752.04</b>	<b>0.00</b>	<b>44,443,091.74</b>	<b>0.00</b>	<b>312,085,108.71</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 9. Contract assets

#### (1) Breakdown of contract assets

Items	Book balance	Closing balance Provision for impairment	Carrying amount
Projects completed but not settled	967,737,535.72	5,716,993.53	962,020,542.19
Retention money	287,145,473.87	27,331,156.51	259,814,317.36
<b>Total</b>	<b>1,254,883,009.59</b>	<b>33,048,150.04</b>	<b>1,221,834,859.55</b>

Items	Book balance	Opening balance Provision for impairment	Carrying amount
Projects completed but not settled	2,049,733,579.00	8,201,878.45	2,041,531,700.55
Retention money	223,963,337.21	15,751,258.71	208,212,078.50
<b>Total</b>	<b>2,273,696,916.21</b>	<b>23,953,137.16</b>	<b>2,249,743,779.05</b>

#### (2) Significant changes of the carrying amounts of contract assets in the current year and reasons for such changes

At the end of 2021, the carrying amounts of contract assets of the Group recorded significant changes as compared with the balances at the beginning of the year. The main reason was that the Group's major projects at the end of 2020 have been settled in 2021, and the closing balance of contract assets decreased accordingly.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 9. Contract assets (Continued)

#### (3) Provision for impairment of contract assets accrued in the current year

Items	Opening balance	Accrued in current year	Reversed in current year	Carry-forward/ written off in current year	Closing balance	Reason
Projects completed but not settled	8,201,878.45	-2,484,884.92	0.00	0.00	<b>5,716,993.53</b>	Accrued on the basis of expected credit loss
Retention money	15,751,258.71	11,579,897.80	0.00	0.00	<b>27,331,156.51</b>	Accrued on the basis of expected credit loss
<b>Total</b>	23,953,137.16	9,095,012.88	0.00	0.00	<b>33,048,150.04</b>	–

### 10. Other current assets

Items	Closing balance	Opening balance
Value-added tax credits	<b>512,677,566.01</b>	106,679,289.93
Prepaid enterprise income tax	<b>1,908,477.04</b>	45,904,930.26
Other prepaid taxes	<b>0.00</b>	2,717.98
<b>Total</b>	<b>514,586,043.05</b>	152,586,938.17

### 11. Other debt investments

#### (1) Breakdown of other debt investments

Items	Opening balance	Accrued interest	Changes in fair value in current year	Recovered in current year
SUNRISEENERGYS. A.E.	14,531,895.11	0.00	0.00	<b>0.00</b>
RISINGSUNENERGYS. A.E.	26,132,082.71	0.00	0.00	<b>-5,640,009.68</b>
<b>Total</b>	40,663,977.82	0.00	0.00	<b>-5,640,009.68</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 11. Other debt investments (Continued)

#### (1) Breakdown of other debt investments (Continued)

Items	Opening balance	Cost	Cumulative changes in fair value	Provision for loss cumulatively recognized in other comprehensive income	Remarks
SUNRISEENERGYS. A.E.	14,531,895.11	14,531,895.11	0.00	0.00	Note
RISINGSUNENERGYS. A.E	20,492,073.03	20,492,073.03	0.00	0.00	
<b>Total</b>	<b>35,023,968.14</b>	35,023,968.14	0.00	0.00	—

Note: The above debt investments have been fully recovered in February 2022.

### 12. Long-term equity investments

Investees	Opening balance (carrying amount)	Additional investment	Decrease	Changes in current year					Closing balance (carrying amount)	Closing balance of provision for impairment	
				Profit or loss on investments recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Declaration of cash dividends or profits	Provision for impairment			Others
I. Joint venture											
Sichuan Ganzhi Datang International New Energy Co., Ltd. (四川甘孜大度國際新能源有限公司)	57,499,414.59	0.00	0.00	11,174,995.10	0.00	0.00	0.00	0.00	0.00	68,674,409.69	0.00
<b>Sub-total</b>	57,499,414.59	0.00	0.00	11,174,995.10	0.00	0.00	0.00	0.00	0.00	68,674,409.69	0.00

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 12. Long-term equity investments (Continued)

Investees	Opening balance (carrying amount)	Additional investment	Decrease	Changes in current year				Closing balance (carrying amount)	Closing balance of provision for impairment	
				Profit or loss on investments recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Declaration of cash dividends or profits			Provision for impairment
II. Associates										
Jeminay Xinte Wind Power Co., Ltd. (吉木乃斯特風電有限公司)	8,646,827.33	0.00	0.00	9,354,888.38	0.00	0.00	0.00	0.00	18,001,715.71	0.00
Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司)	41,737,744.23	0.00	0.00	3,566,271.46	0.00	0.00	1,226,940.64	0.00	44,077,075.05	0.00
Jiangyong Shenghua Energy Development Co., Ltd. (江永晟 華能源開發有限公司)	52,951,533.82	0.00	0.00	6,286,102.59	0.00	0.00	0.00	0.00	59,237,636.41	0.00
Daoxian Clean Energy Development Co., Ltd. (道縣清 潔能源開發有限公司)	29,401,053.60	0.00	0.00	1,491,753.42	0.00	0.00	0.00	0.00	30,892,807.02	0.00
Jiangyong Clean Energy Development Co., Ltd. (江永清 潔能源開發有限公司)	32,879,406.80	0.00	0.00	3,819,821.02	0.00	0.00	0.00	0.00	36,699,227.82	0.00
Xi'an Wucheng New Energy Power Co., Ltd. (西安吳城新能源發電 有限公司)	47,520,000.00	0.00	0.00	-18,405,102.45	0.00	0.00	0.00	0.00	29,114,897.55	0.00
Xi'an Xingwu Wind Power Co., Ltd. (西安興武風力發電有限公司)	52,800,000.00	0.00	0.00	-22,444,249.87	0.00	0.00	0.00	0.00	30,355,750.13	0.00
Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公 司)	0.00	76,550,520.99	0.00	9,389,658.03	0.00	0.00	17,657,748.51	0.00	68,282,430.51	0.00
Wujiayu Xinte Energy Co., Ltd. (五 家渠新特能源有限責任公司)	0.00	13,123,290.82	0.00	1,909,738.54	0.00	0.00	0.00	0.00	15,033,029.36	0.00
Wujiayu TBEA PV Power Technology Co., Ltd. (五家渠特 變電工光電科技有限責任公司)	0.00	15,808,472.96	0.00	1,314,390.90	0.00	0.00	0.00	0.00	17,122,863.86	0.00
China Energy Xinjiang Ganquanpu Integrated Energy Co., Ltd. (國 能新疆甘泉堡綜合能源有限公司)	0.00	20,001,000.00	0.00	0.00	0.00	0.00	0.00	0.00	20,001,000.00	0.00
<b>Sub-total</b>	265,936,566.78	125,483,284.77	0.00	-3,716,727.98	0.00	0.00	18,884,689.15	0.00	368,818,433.42	0.00
<b>Total</b>	323,435,980.37	125,483,284.77	0.00	7,458,267.12	0.00	0.00	18,884,689.15	0.00	437,492,843.11	0.00

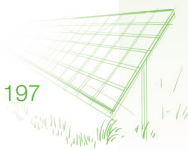
# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 12. Long-term equity investments (Continued)

- Notes: ① In December 2021, the subsidiary TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) signed the equity transfer agreement with Jiangsu Yanshan PV Equipment Co., Ltd. (江蘇燕山光伏設備有限公司), for the acquisition of 48% equity in Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公司). After the acquisition, the company held 48% equity in Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公司).
- ② In December 2021, the subsidiary TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) signed the equity transfer agreement with Jiangsu Yanshan PV Equipment Co., Ltd. (江蘇燕山光伏設備有限公司), for the acquisition of 40% equity in Wujiaqu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司). After the acquisition, the company held 40% equity in Wujiaqu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司).
- ③ In December 2021, the subsidiary TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) signed the equity transfer agreement with Jiangsu Yanshan PV Equipment Co., Ltd. (江蘇燕山光伏設備有限公司), for the acquisition of 40% equity in Wujiaqu TBEA PV Power Technology Co., Ltd. (五家渠特變電工光電科技有限責任公司). After the acquisition, the company held 40% equity in Wujiaqu TBEA PV Power Technology Co., Ltd. (五家渠特變電工光電科技有限責任公司).
- ④ In March 2021, the subsidiary TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) signed the shareholder's capital contribution agreement, for the capital contribution of RMB20,001,000.00 to China Energy Xinjiang Ganquanpu Integrated Energy Co., Ltd. (國能新疆甘泉堡綜合能源有限公司), with the proportion of 10%. After the capital contribution, the company held 10% equity in China Energy Xinjiang Ganquanpu Integrated Energy Co., Ltd. (國能新疆甘泉堡綜合能源有限公司).



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 13. Other equity instrument investments

#### (1) Breakdown of other equity instrument investments

Items	Closing balance	Opening balance
Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	1,000,000.00	1,000,000.00
Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恒潤金電力科技有限公司)	0.00	7,066,041.44
<b>Total</b>	<b>1,000,000.00</b>	<b>8,066,041.44</b>

#### (2) Equity instrument investments not held for trading in the current year

Items	Dividend income recognized in current year	Cumulative gains	Cumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for being designated as FVOCI	Reason for transferring from other comprehensive income to retained earnings
Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	905,417.52	0.00	0.00	0.00	Held not for the purpose of trading	–
Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恒潤金電力科技有限公司)	0.00	0.00	7,066,041.44	0.00	Held not for the purpose of trading	–

### 14. Fixed assets

Items	Carrying amount at the end of the year	Carrying amount at the beginning of the year
Fixed assets	25,216,001,023.25	16,770,274,852.16
Disposal of fixed assets	0.00	0.00
<b>Total</b>	<b>25,216,001,023.25</b>	<b>16,770,274,852.16</b>

Note: Details of restricted fixed assets are set out in Note VI. 58; details of pledged fixed assets are set out in Note XIV. 2.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 14. Fixed assets (Continued)

#### 14.1 Fixed assets

(1) Breakdown of fixed assets

Items	Buildings and structures	Machinery and equipment	Transportation facilities	Electronic equipment	Others	Total
I. Original book value						
<b>1. Opening balance</b>	5,306,186,208.15	16,147,418,219.23	60,091,333.68	118,752,612.07	253,687,933.73	21,886,136,306.86
<b>2. Increase in current year</b>	1,226,402,446.80	8,892,206,041.48	9,920,689.02	25,299,757.10	163,762,673.69	10,317,591,608.09
(1) Acquisition	10,179,582.69	43,549,926.09	9,137,094.88	8,653,336.53	41,766,358.18	113,286,298.37
(2) Transfer from						
Construction in progress	1,216,222,864.11	8,847,053,110.71	783,594.14	12,277,301.03	121,996,315.51	10,198,333,185.50
(3) Increase in business merger	0.00	0.00	0.00	0.00	0.00	0.00
(4) Other increases	0.00	1,603,004.68	0.00	4,369,119.54	0.00	5,972,124.22
<b>3. Decrease in current year</b>	20,880,521.41	183,581,854.88	8,158,975.52	3,902,469.64	239,223.30	216,763,044.75
(1) Disposal or retirement	20,880,521.41	183,581,854.88	8,158,975.52	3,902,469.64	239,223.30	216,763,044.75
(2) Decrease in business merger	0.00	0.00	0.00	0.00	0.00	0.00
(3) Other decreases	0.00	0.00	0.00	0.00	0.00	0.00
<b>4. Closing balance</b>	6,511,708,133.54	24,856,042,405.83	61,853,047.18	140,149,899.53	417,211,384.12	31,986,964,870.20
II. Accumulated depreciation						
<b>1. Opening balance</b>	871,264,539.47	4,019,203,046.46	25,702,531.42	76,317,632.29	88,085,126.05	5,080,572,875.69
<b>2. Increase in current year</b>	215,725,697.16	1,181,251,227.25	6,943,318.06	12,447,534.35	34,118,377.80	1,450,486,154.62
(1) Accrual	215,725,697.16	1,181,251,227.25	6,943,318.06	12,447,534.35	34,118,377.80	1,450,486,154.62
(2) Other increases	0.00	0.00	0.00	0.00	0.00	0.00
<b>3. Decrease in current year</b>	1,846,852.42	119,247,314.01	5,779,007.58	3,182,679.92	75,360.59	130,131,214.52
(1) Disposal or retirement	1,846,852.42	119,247,314.01	5,779,007.58	3,182,679.92	75,360.59	130,131,214.52
(2) Decrease in business merger	0.00	0.00	0.00	0.00	0.00	0.00
(3) Other decreases	0.00	0.00	0.00	0.00	0.00	0.00
<b>4. Closing balance</b>	1,085,143,384.21	5,081,206,959.70	26,866,841.90	85,582,486.72	122,128,143.26	6,400,927,815.79

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 14. Fixed assets (Continued)

#### 14.1 Fixed assets (Continued)

(1) Breakdown of fixed assets (Continued)

Items	Buildings and structures	Machinery and equipment	Transportation facilities	Electronic equipment	Others	Total
III. Provision for impairment						
<b>1. Opening balance</b>	0.00	35,227,249.90	9,431.02	11,707.30	40,190.79	35,288,579.01
<b>2. Increase in current year</b>	21,001,612.16	374,783,198.34	252,868.44	6,474,979.87	8,612,998.83	411,125,657.64
(1) Accrual	21,001,612.16	374,783,198.34	252,868.44	6,474,979.87	8,612,998.83	411,125,657.64
(2) Others	0.00	0.00	0.00	0.00	0.00	0.00
<b>3. Decrease in current year</b>	17,484,823.31	58,885,704.18	0.00	7,678.00	0.00	76,378,205.49
(1) Disposal or retirement	17,484,823.31	58,885,704.18	0.00	7,678.00	0.00	76,378,205.49
(2) Other decreases	0.00	0.00	0.00	0.00	0.00	0.00
(3) Others	0.00	0.00	0.00	0.00	0.00	0.00
<b>4. Closing balance</b>	3,516,788.85	351,124,744.06	262,299.46	6,479,009.17	8,653,189.62	370,036,031.16
IV. Carrying amount						
<b>1. Carrying amount at the end of the year</b>	5,423,047,960.48	19,423,710,702.07	34,723,905.82	48,088,403.64	286,430,051.24	25,216,001,023.25
<b>2. Carrying amount at the beginning of the year</b>	4,434,921,668.68	12,092,987,922.87	34,379,371.24	42,423,272.48	165,562,616.89	16,770,274,852.16

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 14. Fixed assets (Continued)

#### 14.1 Fixed assets (Continued)

(2) *Temporarily idle fixed assets*

Items	Original book value	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings and structures	66,571,026.94	29,625,135.80	0.00	36,945,891.14
Machinery and equipment	6,238,790.43	2,952,784.17	3,286,006.26	0.00
Electronic equipment	147,529.40	121,618.65	25,910.75	0.00
Other equipment	2,470,255.53	2,336,702.96	133,552.57	0.00
<b>Total</b>	<b>75,427,602.30</b>	<b>34,876,778.26</b>	<b>3,604,932.90</b>	<b>36,945,891.14</b>

(3) *Fixed assets leased by operating leases*

Nil.

(4) *Fixed assets without certificate of title*

Item	Carrying amount	Reason for not having the certificate of title
Buildings and structures	289,065,660.50	The application and approval procedures are ongoing

### 15. Construction in progress

Items	Closing balance	Opening balance
Construction in progress	<b>4,343,664,376.67</b>	8,610,745,228.61
Project materials	<b>226,151,512.83</b>	3,594,674.47
<b>Total</b>	<b>4,569,815,889.50</b>	8,614,339,903.08

Note: Details of restricted construction in progress are set out in Note VI. 58; details of pledged construction in progress are set out in Note XIV. 2.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 15. Construction in progress (Continued)

#### 15.1 Construction in progress

(1) Breakdown of construction in progress

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
100,000-ton-per-annum High-purity Polysilicon Green Energy Circular Economy Construction Project	3,361,153,744.03	0.00	3,361,153,744.03	0.00	0.00	0.00
24,000-ton High-purity Polysilicon Transformation and Upgrading Project	454,248,166.62	0.00	454,248,166.62	0.00	0.00	0.00
10,000-ton High-purity Polysilicon Green Circular Economy Project	253,757,041.21	0.00	253,757,041.21	0.00	0.00	0.00
Tieling Xifeng Baiyu Wind Power Project	53,130,502.04	0.00	53,130,502.04	0.00	0.00	0.00
TBEA Dunhuang 20MW Grid-Parity PV Power Project	43,195,697.89	0.00	43,195,697.89	0.00	0.00	0.00
Research on the technology for recovering chlorosilane and hydrogen produced in the process of polysilicon production	0.00	0.00	0.00	43,016,433.91	0.00	43,016,433.91
Demonstration Project for Industrialization of Zirconium-based New Material Green Circulation Technology	0.00	0.00	0.00	501,600,788.79	0.00	501,600,788.79
Project for Industrialization of Key Green Technology for Deep Cold Hydrogenation of Polysilicon	0.00	0.00	0.00	5,871,954.95	0.00	5,871,954.95
Chengde Industrial Park	0.00	0.00	0.00	48,140,611.05	0.00	48,140,611.05
Chongren Xiangshan 50MW Wind Power Project	0.00	0.00	0.00	351,882,814.66	0.00	351,882,814.66
Shandong Heze Mudan District Wanghao Village 50MW Wind Power Project	0.00	0.00	0.00	348,571,824.62	0.00	348,571,824.62

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 15. Construction in progress (Continued)

#### 15.1 Construction in progress (Continued)

(1) Breakdown of construction in progress (Continued)

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
TBEA Mulei Laojunmiao Wind Farm 100MW Project	0.00	0.00	0.00	543,250,894.62	0.00	543,250,894.62
Xilingol Xinyuan New Energy Co., Ltd. 200MW Wind Power Project	0.00	0.00	0.00	1,105,705,087.59	0.00	1,105,705,087.59
Zhengxiangbaiqi Fengsheng Power Co., Ltd. 275MW Wind Power Project	0.00	0.00	0.00	1,528,960,604.44	0.00	1,528,960,604.44
Fengsheng Zhengxiangbaiqi Ultra-high Voltage 200,000kW Wind Farm Project	0.00	0.00	0.00	1,046,527,005.24	0.00	1,046,527,005.24
Buerjin 150MW Wind Power Project	0.00	0.00	0.00	884,671,934.12	0.00	884,671,934.12
TBEA Mulei Dashitou 200MW Wind Power Project	0.00	0.00	0.00	971,461,876.99	0.00	971,461,876.99
Zhongmin (Mulei) Wind Power Co., Ltd. Mulei Dashitou 200MW Wind Power Project	0.00	0.00	0.00	1,042,924,709.82	0.00	1,042,924,709.82
Other projects	178,179,224.88	0.00	178,179,224.88	188,158,687.81	0.00	188,158,687.81
<b>Total</b>	<b>4,343,664,376.67</b>	<b>0.00</b>	<b>4,343,664,376.67</b>	<b>8,610,745,228.61</b>	<b>0.00</b>	<b>8,610,745,228.61</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 15. Construction in progress (Continued)

#### 15.1 Construction in progress (Continued)

(2) Changes of significant construction in progress in the current year

Project name	Opening balance	Increase in current year	Decrease in current year		Closing balance
			Transfer to fixed assets	Other decreases	
100,000-ton-per-annum High-purity Polysilicon Green Energy Circular Economy Construction Project	0.00	3,361,153,744.03	0.00	0.00	3,361,153,744.03
24,000-ton High-purity Polysilicon Transformation and Upgrading Project	0.00	454,248,166.62	0.00	0.00	454,248,166.62
10,000-ton High-purity Polysilicon Green Circular Economy Project	0.00	253,757,041.21	0.00	0.00	253,757,041.21
Tieling Xifeng Baiyu Wind Power Project	0.00	53,130,502.04	0.00	0.00	53,130,502.04
TBEA Dunhuang 20MW Grid-Parity PV Power Project	0.00	43,195,697.89	0.00	0.00	43,195,697.89
Research on the technology for recovering chlorosilane and hydrogen produced in the process of polysilicon production	43,016,433.91	21,798,985.32	64,815,419.23	0.00	0.00
Demonstration Project for Industrialization of Zirconium-based New Material Green Circulation Technology	501,600,788.79	71,272,872.50	572,873,661.29	0.00	0.00
Project for Industrialization of Key Green Technology for Deep Cold Hydrogenation of Polysilicon	5,871,954.95	172,607,952.15	178,479,907.10	0.00	0.00
Chengde Industrial Park	48,140,611.05	19,762,901.43	36,636,522.48	31,266,990.00	0.00
Chongren Xiangshan 50MW Wind Power Project	351,882,814.66	39,520,312.49	384,954,452.26	6,448,674.89	0.00
Shandong Heze Mudan District Wanghao Village 50MW Wind Power Project	348,571,824.62	19,937,209.68	358,092,466.89	10,416,567.41	0.00
TBEA Mulei Laojunmiao Wind Farm 100MW Project	543,250,894.62	57,552,823.22	597,935,305.84	2,868,412.00	0.00

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 15. Construction in progress (Continued)

#### 15.1 Construction in progress (Continued)

(2) Changes of significant construction in progress in the current year (Continued)

Project name	Opening balance	Increase in current year	Decrease in current year		Closing balance
			Transfer to fixed assets	Other decreases	
Xilingol Xinyuan New Energy Co., Ltd. 200MW Wind Power Project	1,105,705,087.59	198,825,992.76	1,298,531,403.15	5,999,677.20	0.00
Zhengxiangbaiqi Fengsheng Power Co., Ltd. 275MW Wind Power Project	1,528,960,604.44	333,441,855.73	1,805,615,630.14	56,786,830.03	0.00
Fengsheng Zhengxiangbaiqi Ultra-high Voltage 200,000kW Wind Farm Project	1,046,527,005.24	104,652,422.44	1,119,601,744.29	31,577,683.39	0.00
Buerjin 150MW Wind Power Project	884,671,934.12	113,884,870.31	994,830,623.01	3,726,181.42	0.00
TBEA Mulei Dashitou 200MW Wind Power Project	971,461,876.99	374,590,719.37	1,339,435,364.36	6,617,232.00	0.00
Zhongmin (Mulei) Wind Power Co., Ltd. Mulei Dashitou 200MW Wind Power Project	1,042,924,709.82	356,545,618.86	1,337,640,328.68	61,830,000.00	0.00
Other projects	188,158,687.81	145,329,004.19	108,890,356.78	46,418,110.34	178,179,224.88
<b>Total</b>	<b>8,610,745,228.61</b>	<b>6,195,208,692.24</b>	<b>10,198,333,185.50</b>	<b>263,956,358.68</b>	<b>4,343,664,376.67</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 15. Construction in progress (Continued)

#### 15.1 Construction in progress (Continued)

(2) Changes of significant construction in progress in the current year (Continued)

Project name	Budget	Percentage of cumulative project investment to budget (%)	Progress of project (%)	Cumulative interest capitalization	Including: interest capitalization in current year	Interest capitalization rate of current year (%)	Source of fund
100,000-ton-per-annum High-purity Polysilicon Green Energy Circular Economy Construction Project	8,806,760,000.00	38.17	41.98	15,186,774.30	15,186,774.30	3.95	Funds in hand, project loans, fundraising
24,000-ton High-purity Polysilicon Transformation and Upgrading Project	798,794,800.00	56.87	62.55	0.00	0.00	0.00	Funds in hand
10,000-ton High-purity Polysilicon Green Circular Economy Project	469,733,500.00	54.02	59.42	0.00	0.00	0.00	Funds in hand
Tieling Xifeng Baiyu Wind Power Project	819,200,000.00	6.49	6.01	0.00	0.00	0.00	Funds in hand
TBEA Dunhuang 20MW Grid-Parity PV Power Project	105,502,500.00	40.94	54.77	0.00	0.00	0.00	Funds in hand
Research on the technology for recovering chlorosilane and hydrogen produced in the process of polysilicon production	72,697,200.00	89.16	100.00	0.00	0.00	0.00	Funds in hand
Demonstration Project for Industrialization of Zirconium-based New Material Green Circulation Technology	396,831,100.00	144.36	100.00	0.00	0.00	0.00	Funds in hand
Project for Industrialization of Key Green Technology for Deep Cold Hydrogenation of Polysilicon	236,029,500.00	75.62	100.00	0.00	0.00	0.00	Funds in hand
Chengde Industrial Park	68,315,000.00	99.40	100.00	0.00	0.00	0.00	Funds in hand
Chongren Xiangshan 50MW Wind Power Project	419,957,600.00	93.20	100.00	26,390,379.20	2,374,117.39	4.63	Funds in hand, project loans

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 15. Construction in progress (Continued)

#### 15.1 Construction in progress (Continued)

(2) Changes of significant construction in progress in the current year (Continued)

Project name	Budget	Percentage of cumulative project investment to budget (%)	Progress of project (%)	Cumulative interest capitalization	Including: interest capitalization in current year	Interest capitalization rate of current year (%)	Source of fund
Shandong Heze Mudan District Wanghao Village 50MW Wind Power Project	392,644,900.00	93.85	100.00	0.00	0.00	0.00	Funds in hand
TBEA Mulei Laojunmiao Wind Farm 100MW Project	663,900,200.00	90.50	100.00	7,392,092.04	1,071,325.00	4.15	Funds in hand, project loans
Xilingol Xinyuan New Energy Co., Ltd. 200MW Wind Power Project	1,324,861,600.00	98.47	100.00	33,611,788.66	11,468,944.59	4.43	Funds in hand, project loans
Zhengxiangbaiqi Fengsheng Power Co., Ltd. 275MW Wind Power Project	1,908,918,200.00	97.56	100.00	51,740,252.26	17,523,699.62	4.43	Funds in hand, project loans
Fengsheng Zhengxiangbaiqi Ultra-high Voltage 200,000kW Wind Farm Project	1,234,663,162.00	93.24	100.00	34,037,999.62	13,460,210.75	4.43	Funds in hand, project loans
Buerjin 150MW Wind Power Project	1,047,044,700.00	95.37	100.00	32,357,381.97	14,801,777.79	4.48	Funds in hand, project loans
TBEA Mulei Dashitou 200MW Wind Power Project	1,382,986,500.00	97.33	100.00	54,730,068.54	26,879,430.50	4.70	Funds in hand, project loans
Zhongmin (Mulei) Wind Power Co., Ltd. Mulei Dashitou 200MW Wind Power Project	1,398,981,000.00	100.03	100.00	36,732,702.03	22,913,011.76	5.25	Funds in hand, project loans
Other projects	0.00	–	–	–	–	–	Funds in hand
<b>Total</b>	<b>21,547,821,462.00</b>	<b>–</b>	<b>–</b>	<b>292,179,438.62</b>	<b>125,679,291.70</b>	<b>–</b>	<b>–</b>

Note: Other decreases represent RMB231,901,126.63 of transfer to intangible assets and RMB32,055,232.05 of project expensing.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 15. Construction in progress (Continued)

#### 15.1 Construction in progress (Continued)

(3) Provision for impairment of construction in progress in the current year

Nil.

#### 15.2 Project materials

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Special equipment	0.00	0.00	0.00	3,594,674.47	0.00	3,594,674.47
Special materials	226,151,512.83	0.00	226,151,512.83	0.00	0.00	0.00
<b>Total</b>	<b>226,151,512.83</b>	<b>0.00</b>	<b>226,151,512.83</b>	<b>3,594,674.47</b>	<b>0.00</b>	<b>3,594,674.47</b>

### 16. Right-of-use assets

Items	Land use right	Others	Total
<b>I. Original book value</b>			
1. Opening balance	167,597,806.77	0.00	167,597,806.77
2. Increase in current year	757,655.20	5,491,182.76	6,248,837.96
(1) Lease	757,655.20	5,491,182.76	6,248,837.96
3. Decrease in current year	1,149,435.23	0.00	1,149,435.23
(1) Disposal	0.00	0.00	0.00
(2) Others	1,149,435.23	0.00	1,149,435.23
(3) Decrease in business merger	0.00	0.00	0.00
4. Closing balance	167,206,026.74	5,491,182.76	172,697,209.50

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 16. Right-of-use assets (Continued)

Items	Land use right	Others	Total
<b>II. Accumulated depreciation</b>			
1. Opening balance	25,063,500.83	0.00	25,063,500.83
2. Increase in current year	5,847,138.38	280,774.86	6,127,913.24
(1) Accrual	5,847,138.38	280,774.86	6,127,913.24
3. Decrease in current year	0.00	0.00	0.00
(1) Decrease in business merger	0.00	0.00	0.00
4. Closing balance	30,910,639.21	280,774.86	31,191,414.07
<b>III. Provision for impairment</b>			
1. Opening balance	0.00	0.00	0.00
2. Increase in current year	0.00	0.00	0.00
3. Decrease in current year	0.00	0.00	0.00
4. Closing balance	0.00	0.00	0.00
<b>IV. Carrying amount</b>			
1. Carrying amount at the end of the year	136,295,387.53	5,210,407.90	141,505,795.43
2. Carrying amount at the beginning of the year	142,534,305.94	0.00	142,534,305.94

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 17. Intangible assets

#### (1) Breakdown of intangible assets

Items	Land use rights	Proprietary technology	Software	Total
<b>I. Original book value</b>				
<b>1. Opening balance</b>	769,358,666.81	185,926,057.66	87,269,998.88	1,042,554,723.35
<b>2. Increase in current year</b>	350,558,089.62	5,473,738.09	32,918,006.68	388,949,834.39
(1) Acquisition	133,019,841.28	0.00	18,555,128.39	151,574,969.67
(2) Independent R&D	0.00	5,473,738.09	0.00	5,473,738.09
(3) Transfer from construction in progress	217,538,248.34	0.00	14,362,878.29	231,901,126.63
<b>3. Decrease in current year</b>	0.00	8,134,761.15	11,064,020.49	19,198,781.64
(1) Disposal	0.00	8,134,761.15	11,064,020.49	19,198,781.64
<b>4. Closing balance</b>	1,119,916,756.43	183,265,034.60	109,123,985.07	1,412,305,776.10
<b>II. Accumulated depreciation</b>				
<b>1. Opening balance</b>	121,861,068.36	130,196,077.77	30,354,748.45	282,411,894.58
<b>2. Increase in current year</b>	30,383,039.51	7,358,870.59	11,183,258.95	48,925,169.05
(1) Accrual	30,383,039.51	7,358,870.59	11,183,258.95	48,925,169.05
<b>3. Decrease in current year</b>	0.00	8,134,761.15	5,532,855.05	13,667,616.20
(1) Disposal	0.00	8,134,761.15	5,532,855.05	13,667,616.20
<b>4. Closing balance</b>	152,244,107.87	129,420,187.21	36,005,152.35	317,669,447.43
<b>III. Provision for impairment</b>				
<b>1. Opening balance</b>	0.00	2,696,175.00	0.00	2,696,175.00
<b>2. Increase in current year</b>	0.00	5,313,997.12	3,948,074.07	9,262,071.19
(1) Accrual	0.00	5,313,997.12	3,948,074.07	9,262,071.19
<b>3. Decrease in current year</b>	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00
<b>4. Closing balance</b>	0.00	8,010,172.12	3,948,074.07	11,958,246.19
<b>IV. Carrying amount</b>				
<b>1. Carrying amount at the end of the year</b>	967,672,648.56	45,834,675.27	69,170,758.65	1,082,678,082.48
<b>2. Carrying amount at the beginning of the year</b>	647,497,598.45	53,033,804.89	56,915,250.43	757,446,653.77

Note: Details of restricted intangible assets are set out in Note VI. 58; details of pledged intangible assets are set out in Note XIV. 2.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 17. Intangible assets (Continued)

#### (2) Land use rights without certificate of title

Items	Carrying amount	Reason for not having the certificate of title
Land for Yunnan Lincang Yunxian Ganlongtan On-grid PV Project	9,484,956.00	The application and approval procedures take a long time
Land for Ningxia Hongsibu Hongde Industrial Park New Energy Equipment Manufacturing Project	5,404,583.23	The application and approval procedures take a long time
Land for 49.5MW Project of Habahe Wind Farm Phase I	4,221,825.53	The application and approval procedures take a long time

### 18. Development expenses

Items	Opening balance	Increase in current year			Decrease in current year		Exchange difference adjustment	Closing balance
		Internal increase	Other increases	Recognized as intangible assets	Transferred to profit or loss of current period	Other decreases		
Development of 1500V228kW string PV grid connection inverter	3,198,759.23	7,181,704.12	0.00	1,167,668.39	7,196,012.17	2,016,782.79	0.00	0.00
Development of 1500V3.125MW outdoor PV grid connection inverter	1,127,352.65	13,307,494.29	0.00	0.00	12,139,026.35	2,295,820.59	0.00	0.00
Research on storage system solutions and development of core products	3,238,086.29	13,698,926.00	0.00	1,567,033.47	13,766,974.14	1,603,004.68	0.00	0.00
Development of highly-reliable, high-power and density corner joint TSVG technology	685,179.06	14,446,098.92	0.00	0.00	15,074,761.82	56,516.16	0.00	0.00
Green Energy International Project	2,739,036.23	0.00	0.00	2,739,036.23	0.00	0.00	0.00	0.00
Research on application of nanometer ceramics coating for water wall of the boiler	0.00	121,346,635.68	0.00	0.00	121,346,635.68	0.00	0.00	0.00
Research on low-quality silicon powder blending technology	0.00	33,816,615.91	0.00	0.00	33,816,615.91	0.00	0.00	0.00
Research on method to extent the residence time of gas mixture in the fluidized bed	0.00	25,388,214.15	0.00	0.00	25,388,214.15	0.00	0.00	0.00
Research on evaporative cooling transformation of water operation for better energy conservation	0.00	15,463,374.72	0.00	0.00	15,463,374.72	0.00	0.00	0.00

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 18. Development expenses (Continued)

Items	Opening balance	Increase in current year			Decrease in current year		Exchange difference adjustment	Closing balance
		Internal increase	Other increases	Recognized as intangible assets	Transferred to profit or loss of current period	Other decreases		
Research on key technology for power supply of high-power density data center	0.00	11,188,679.24	0.00	0.00	11,188,679.24	0.00	0.00	0.00
Development of compact and highly-reliable converter valves for flexible direct current power transmission	0.00	7,354,248.48	0.00	0.00	7,354,248.48	0.00	0.00	0.00
Research and application of anti-corrosion technologies for steel pile foundations and grounding systems of PV power projects	0.00	6,045,456.49	0.00	0.00	6,045,456.49	0.00	0.00	0.00
Research and engineering application of PV system design under the large silicon wafer technology	0.00	5,983,297.78	0.00	0.00	5,983,297.78	0.00	0.00	0.00
Development of monitoring system for back-to-back controllers of converter valves for flexible direct current power transmission	0.00	5,860,572.72	0.00	0.00	5,860,572.72	0.00	0.00	0.00
Research and engineering application of integration solutions for low wind speed projects in the era of ultra-low tariff	0.00	5,681,643.11	0.00	0.00	5,681,643.11	0.00	0.00	0.00
Development of green energy 3.0 string PV grid connection inverter	0.00	5,266,160.76	0.00	0.00	5,266,160.76	0.00	0.00	0.00
Research on solutions for better layout of wind farms with combination of facilities of different total wheel heights	0.00	5,123,028.30	0.00	0.00	5,123,028.30	0.00	0.00	0.00
Other projects	0.00	45,625,044.02	0.00	0.00	45,625,044.02	0.00	0.00	0.00
<b>Total</b>	10,988,413.46	342,777,194.69	0.00	5,473,738.09	342,319,745.84	5,972,124.22	0.00	0.00



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 19. Long-term deferred expenses

Items	Opening balance	Increase in current year	Amortization in current year	Closing balance
Self-provided power plant maintenance fees	9,173,567.84	0.00	4,586,783.96	<b>4,586,783.88</b>
Lease payments	407,945.89	0.00	407,945.89	<b>0.00</b>
<b>Total</b>	<b>9,581,513.73</b>	<b>0.00</b>	<b>4,994,729.85</b>	<b>4,586,783.88</b>

### 20. Deferred income tax assets and deferred income tax liabilities

#### (1) Deferred income tax assets not offset

Items	Closing balance Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	<b>1,211,895,828.20</b>	<b>182,612,520.29</b>
Deferred income	<b>412,075,208.09</b>	<b>70,076,281.23</b>
Provision for retention money	<b>90,461,843.89</b>	<b>13,569,276.59</b>
Provision for other expenses	<b>37,607,503.91</b>	<b>5,650,744.95</b>
Share-based compensation expenses	<b>26,314,618.86</b>	<b>3,947,192.82</b>
Unrealized profits of intra-group transactions	<b>605,152,137.66</b>	<b>90,772,820.65</b>
Deductible losses	<b>114,715,410.20</b>	<b>17,564,612.43</b>
Others	<b>116,989,882.7</b>	<b>17,548,482.41</b>
<b>Total</b>	<b>2,615,212,433.51</b>	<b>401,741,931.37</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 20. Deferred income tax assets and deferred income tax liabilities (Continued)

#### (1) Deferred income tax assets not offset (Continued)

Items	Opening balance	
	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	680,731,323.47	106,906,011.82
Deferred income	345,793,672.75	51,869,050.95
Employee compensation accrued but not paid	21,186,699.42	3,178,004.91
Provision for retention money	27,160,555.86	4,074,083.38
Provision for other expenses	4,886,265.33	732,939.80
Share-based compensation expenses	28,071,271.00	4,210,690.65
Unrealized profits of intra-group transactions	500,837,147.64	75,125,572.14
Deductible losses	556,923,266.21	85,671,426.44
<b>Total</b>	<b>2,165,590,201.68</b>	<b>331,767,780.09</b>

#### (2) Deferred income tax liabilities not offset

Item	Closing balance	
	Taxable temporary differences	Deferred income tax liabilities
Accelerated depreciation of fixed assets	<b>1,050,983,804.80</b>	<b>157,647,570.72</b>
<b>Total</b>	<b>1,050,983,804.80</b>	<b>157,647,570.72</b>

Item	Opening balance	
	Taxable temporary differences	Deferred income tax liabilities
Accelerated depreciation of fixed assets	1,072,109,266.40	160,816,389.95
<b>Total</b>	<b>1,072,109,266.40</b>	<b>160,816,389.95</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 20. Deferred income tax assets and deferred income tax liabilities (Continued)

#### (3) Breakdown of unrecognized deferred income tax assets

Items	Closing balance	Opening balance
Deductible temporary differences	30,265,261.28	29,968,105.97
Deductible losses	616,258,525.63	344,039,146.05
<b>Total</b>	<b>646,523,786.91</b>	374,007,252.02

#### (4) Deductible losses under unrecognized deferred income tax assets with maturity in the years indicated below

Year	Closing balance	Opening balance
2021	0.00	14,805,008.11
2022	80,531,105.02	22,362,167.64
2023	150,238,255.71	54,357,932.22
2024	37,748,954.08	61,908,960.71
2025	82,595,487.86	190,605,077.37
2026	265,144,722.96	0.00
<b>Total</b>	<b>616,258,525.63</b>	344,039,146.05

### 21. Other non-current assets

Items	Book balance	Closing balance	
		Provision for impairment	Carrying amount
Prepayments for long-term assets	1,241,920,540.71	0.00	1,241,920,540.71
Value-added tax credits	1,178,781,346.08	0.00	1,178,781,346.08
<b>Total</b>	<b>2,420,701,886.79</b>	<b>0.00</b>	<b>2,420,701,886.79</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 21. Other non-current assets (Continued)

Items	Book balance	Opening balance Provision for impairment	Carrying amount
Prepayments for long-term assets	394,222,772.40	0.00	394,222,772.40
Value-added tax credits	1,514,521,292.67	0.00	1,514,521,292.67
<b>Total</b>	<b>1,908,744,065.07</b>	<b>0.00</b>	<b>1,908,744,065.07</b>

### 22. Short-term borrowings

#### (1) Short-term borrowings by category

Category	Closing balance	Opening balance
Credit loans	<b>1,281,152,861.11</b>	550,563,888.89
Factoring loans	<b>3,166,000.00</b>	13,607,065.02
Bank acceptance notes discounted but not derecognized	<b>481,782,138.17</b>	637,791,632.01
<b>Total</b>	<b>1,766,100,999.28</b>	1,201,962,585.92

(2) Outstanding overdue short-term borrowings in the Reporting Period: Nil.

### 23. Notes payable

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 24. Accounts payable

#### (1) Accounts payable by aging based on recording dates

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	<b>3,547,723,666.97</b>	3,733,586,122.50
1 year to 2 years (inclusive)	<b>1,030,149,961.19</b>	588,581,981.21
2 years to 3 years (inclusive)	<b>411,643,142.01</b>	550,276,210.53
Over 3 years	<b>583,578,055.23</b>	356,560,624.58
<b>Total</b>	<b>5,573,094,825.40</b>	5,229,004,938.82

#### (2) Significant accounts payable with aging of over 1 year

Name of entity	Closing balance	Reason for non-repayment or carry-forward
Siemens Gamesa Renewable Energy Technology (China) CO., LTD. (西門子歌美颯可再生能源科技(中國)有限公司)	<b>357,691,325.41</b>	The performance of contract has not been completed
Zhong Shi Chemical Engineering Construction Co., Ltd. (中石化工建設有限公司)	<b>172,947,836.15</b>	The performance of contract has not been completed
China National Chemical Engineering No. 16 Construction Co., Ltd. (中國化學工程第十六建設有限公司)	<b>161,030,241.71</b>	The performance of contract has not been completed
Envision Energy Co., Ltd. (遠景能源有限公司)	<b>121,618,003.65</b>	The performance of contract has not been completed
Hanchuan Huayi High-temperature Silicon Materials and Technology Co., Ltd. (漢川市華億高溫硅材料科技有限公司)	<b>107,865,265.09</b>	The performance of contract has not been completed
<b>Total</b>	<b>921,152,672.01</b>	—

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 25. Contract liabilities

#### (1) Breakdown of contract liabilities

Items	Closing balance	Opening balance
Sales revenue received in advance	<b>1,147,253,149.39</b>	464,566,277.97
Project payments received in advance	<b>449,404,930.65</b>	321,825,599.00
Projects settled but not completed	<b>380,739,223.73</b>	136,270,008.94
<b>Total</b>	<b>1,977,397,303.77</b>	922,661,885.91

As at the end of 2021, the carrying amounts of the Group's contract liabilities recorded significant increase as compared with the levels at the end of 2020. The main reason was that the Group's polysilicon products witnessed rapid revenue growth in 2021, and the sales revenue received in advance increased accordingly.

### 26. Staff remuneration payables

#### (1) Staff remuneration payables by category

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Short-term compensation	195,557,028.79	1,429,565,643.50	1,243,875,463.70	<b>381,247,208.59</b>
Post-employment benefits – defined contribution plans	1,315,179.18	70,879,910.34	68,162,475.74	<b>4,032,613.78</b>
Termination benefits	0.00	127,673.17	127,599.48	<b>73.69</b>
<b>Total</b>	196,872,207.97	1,500,573,227.01	1,312,165,538.92	<b>385,279,896.06</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 26. Staff remuneration payables (Continued)

#### (2) Short-term compensation

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Salaries, bonuses, allowances and subsidies	175,877,179.98	1,274,746,780.25	1,101,572,968.26	<b>349,050,991.97</b>
Employee benefits	0.00	36,137,390.81	36,137,390.81	<b>0.00</b>
Social insurance	2,142,206.80	42,895,261.19	42,809,906.13	<b>2,227,561.86</b>
Including: Medical insurance	2,087,289.36	39,529,173.43	39,496,361.36	<b>2,120,101.43</b>
Work-related injury insurance	54,251.33	3,175,892.01	3,139,786.14	<b>90,357.20</b>
Maternity insurance	666.11	190,195.75	173,758.63	<b>17,103.23</b>
Housing provident funds	1,684,357.59	39,854,240.71	40,172,294.59	<b>1,366,303.71</b>
Labor union fees and employee education fees	15,853,284.42	35,433,747.69	22,684,681.06	<b>28,602,351.05</b>
Short-term paid leaves	0.00	0.00	0.00	<b>0.00</b>
Short-term profit distribution plans	0.00	0.00	0.00	<b>0.00</b>
Termination benefits and early retirement compensations	0.00	498,222.85	498,222.85	<b>0.00</b>
<b>Total</b>	<b>195,557,028.79</b>	<b>1,429,565,643.50</b>	<b>1,243,875,463.70</b>	<b>381,247,208.59</b>

#### (3) Defined contribution plans

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Basic pension	1,270,339.80	68,268,164.77	65,629,350.73	<b>3,909,153.84</b>
Unemployment insurance	33,559.05	2,412,710.57	2,334,090.01	<b>112,179.61</b>
Enterprise annuity	11,280.33	199,035.00	199,035.00	<b>11,280.33</b>
<b>Total</b>	<b>1,315,179.18</b>	<b>70,879,910.34</b>	<b>68,162,475.74</b>	<b>4,032,613.78</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 27. Taxes payable

Items	Closing balance	Opening balance
Enterprise income tax	438,763,312.98	101,367,124.98
Value-added tax	378,571,362.78	46,693,786.85
Urban maintenance and construction tax	20,066,912.13	1,414,122.27
Individual income tax	9,686,732.96	13,620,531.36
Educational surcharge	6,908,933.90	607,395.67
Local educational surcharge	4,605,955.96	403,907.77
Real estate tax	782,120.90	894,012.18
Land use tax	705,415.43	703,202.67
Stamp duty	483,983.10	1,820,353.79
Environmental protection tax	344,078.00	195,242.90
Foundation for water works	104,087.11	67,130.74
<b>Total</b>	<b>861,022,895.25</b>	<b>167,786,811.18</b>

### 28. Other payables

Items	Closing balance	Opening balance
Dividends payable	13,394,100.00	167,563,550.16
Other payables	231,252,800.47	174,828,318.35
<b>Total</b>	<b>244,646,900.47</b>	<b>342,391,868.51</b>

#### 28.1 Interests payable

Nil.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 28. Other payables (Continued)

#### 28.2 Dividends payable

Item	Closing balance	Opening balance
Dividends for ordinary shares	13,394,100.00	167,563,550.16
<b>Total</b>	<b>13,394,100.00</b>	167,563,550.16

#### 28.3 Other payables

(1) Other payables by nature

Nature	Closing balance	Opening balance
Deposits payable	64,471,554.22	74,888,403.58
Fees payable	86,929,203.18	62,805,214.08
Advances payable	69,406,784.99	29,578,429.25
Due to related parties	4,839,993.47	2,239,380.27
Other payables	5,605,264.61	5,316,891.17
<b>Total</b>	<b>231,252,800.47</b>	174,828,318.35

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 28. Other payables (Continued)

#### 28.3 Other payables (Continued)

(2) Significant other payables with aging of over 1 year

Name of entity	Closing balance	Reason for non-repayment or carry-forward
Zhejiang Windey Co., Ltd. (浙江運達風電股份有限公司)	3,200,000.00	Unsettlement
Huaneng Dingbian New Energy Power Co., Ltd. (華能定邊新能源發電有限公司)	3,000,000.00	Unsettlement
Dingbian Jiawei PV Power Co., Ltd. (定邊珈偉光伏電力有限公司)	1,857,150.00	Unsettlement
Yantai Huasheng Power Engineering Installation Co., Ltd. (煙台市華盛電力工程安裝有限公司)	1,269,680.55	Unsettlement
Wuhuan Engineering Co., Ltd.	1,436,938.24	Unsettlement
<b>Total</b>	<b>10,763,768.79</b>	—

### 29. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year	1,617,640,705.00	1,430,629,083.84
Lease liabilities due within one year	23,765,991.12	866,901.06
<b>Total</b>	<b>1,641,406,696.12</b>	1,431,495,984.90

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 30. Other current liabilities

#### (1) Other current liabilities by category

Items	Closing balance	Opening balance
Notes receivable not derecognized	531,949,375.32	642,687,649.87
Value-added tax on advances received	189,591,226.33	123,269,631.49
Others	0.00	102,299.87
<b>Total</b>	<b>721,540,601.65</b>	766,059,581.23

### 31. Long-term borrowings

#### (1) Long-term borrowings by category

Category	Closing balance	Opening balance
Credit loans	1,291,361,044.99	1,003,000,000.00
Mortgage loans	337,500,000.00	611,000,000.00
Secured borrowings	1,891,720,000.00	2,382,660,000.00
Pledged borrowings	115,500,000.00	300,000,000.00
Mortgage and pledged loans	10,704,486,376.43	9,633,809,292.04
<b>Total</b>	<b>14,340,567,421.42</b>	13,930,469,292.04

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 31. Long-term borrowings (Continued)

#### (1) Long-term borrowings by category (Continued)

*Interest rates of long-term borrowings*

Category	Interest rates (%)
Credit loans	3.3000–4.6500
Mortgage loans	4.1500–5.1200
Secured borrowings	4.6000–5.2900
Pledged borrowings	3.0000–4.6500
Mortgage and pledged loans	3.9500–4.9000

#### (2) Maturity dates of long-term borrowings analyzed as below:

Category	Closing balance	Opening balance
Credit loans	1,291,361,044.99	1,003,000,000.00
Mortgage loans	337,500,000.00	611,000,000.00
Secured borrowings	1,891,720,000.00	2,382,660,000.00
Pledged borrowings	115,500,000.00	300,000,000.00
Mortgage and pledged loans	10,704,486,376.43	9,633,809,292.04
<b>Total</b>	<b>14,340,567,421.42</b>	13,930,469,292.04
The carrying amount of the above borrowings shall be repaid:	—	—
Within 1 year	0.00	0.00
1 to 2 years	2,163,585,344.59	2,258,029,445.91
2 to 5 years	4,744,214,123.53	4,688,724,543.86
Over 5 years	7,432,767,953.30	6,983,715,302.27
<b>Amount due within one year, as shown under current liabilities</b>	<b>1,617,640,705.00</b>	1,430,629,083.84
<b>Amount shown under non-current liabilities</b>	<b>14,340,567,421.42</b>	13,930,469,292.04

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 32. Lease liabilities

Items	Closing balance	Opening balance
Lease payments	255,379,650.00	351,775,932.30
Unrecognized financing cost	-90,248,605.30	-143,470,393.25
Reclassification to non-current liabilities due within one year	-23,765,991.12	-866,901.06
<b>Total</b>	<b>141,365,053.58</b>	207,438,637.99

### 33. Long-term payables

Item	Closing balance	Opening balance
Long-term payables	337,150,000.00	318,804,471.64
<b>Total</b>	<b>337,150,000.00</b>	318,804,471.64

#### 33.1 Long-term payables

(1) Long-term payables by nature

Nature	Closing balance	Opening balance
Special loans	337,150,000.00	318,550,000.00
Payments for equipment	0.00	254,471.64
<b>Total</b>	<b>337,150,000.00</b>	318,804,471.64

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 33. Long-term payables (Continued)

#### 33.1 Long-term payables (Continued)

(2) Analysis of maturity dates of long-term payables

Category	Closing balance	Opening balance
Special loans	337,150,000.00	318,550,000.00
Payments for equipment	0.00	254,471.64
<b>Total</b>	<b>337,150,000.00</b>	<b>318,804,471.64</b>
The carrying amount of the above items shall be repaid:		
Within 1 year	0.00	0.00
Over 1 year but less than 2 years after the balance sheet date	0.00	254,471.64
Over 2 years but less than 5 years after the balance sheet date	337,150,000.00	318,550,000.00
Over 5 years after the balance sheet date	0.00	0.00
<b>Bonds due within one year, as shown under current liabilities</b>	<b>0.00</b>	<b>0.00</b>
<b>Amount shown under non-current liabilities</b>	<b>0.00</b>	<b>0.00</b>

#### 33.2 Special payables

Nil.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 34. Accrued liabilities

Items	Closing balance	Opening balance
Product quality assurance	88,384,543.89	38,473,793.22
Pending lawsuits	2,077,300.00	0.00
Others	14,821,533.40	0.00
<b>Total</b>	<b>105,283,377.29</b>	38,473,793.22

Note: Others represent compensations for delay and damages accrued by subsidiaries of the Company, Xinte Energy Hong Kong Co., Ltd. (新特能源香港有限公司) and TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司).

### 35. Deferred income

#### (1) Deferred income by category

Items	Opening balance	Increase in current year	Decrease in current year	Other changes	Closing balance	Reason
Government grants (related to assets)	392,661,860.81	93,561,000.00	38,618,809.80	-300,000.00	447,304,051.01	Related to assets
Government grants (related to income)	9,137,952.82	0.00	6,491,144.31	0.00	2,646,808.51	Related to income
<b>Total</b>	401,799,813.63	93,561,000.00	45,109,954.11	-300,000.00	449,950,859.52	—

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 35. Deferred income (Continued)

#### (2) Items of government grants

Items of government grants	Opening balance	New grants in current year	Amount included in other income in current year	Amount included in non-operating revenue in current year	Amount to write off costs and expenses in current year	Other changes	Closing balance	Related to assets/related to income
Total	401,799,813.63	93,561,000.00	45,109,954.11	0.00	0.00	-300,000.00	449,950,859.52	—
Development of 200,000-ton-per-annum High-purity Polysilicon, Supporting 200,000-ton Industrial-grade Silicon and New Energy Power Plant	0.00	82,650,000.00	0.00	0.00	0.00	0.00	82,650,000.00	Related to assets
Upgrading of Cold Hydrogenation Technology for 360,000-ton-per-annum Recycling of Polysilicon By-product Silicon Oxide	50,000,000.00	0.00	7,142,857.14	0.00	0.00	0.00	42,857,142.86	Related to assets
2018 Industrial Transformation and Upgrading Fund – Intranet Upgrading and Integrated Application of High-purity Silicon-based New Materials Based on the Industrial Internet Platform	48,214,285.71	0.00	3,571,428.57	0.00	0.00	0.00	44,642,857.14	Related to assets
Subsidies for the Demonstration Project of Electronic-grade High-purity Polysilicon Technology Upgrading	18,707,142.85	0.00	2,078,571.43	0.00	0.00	0.00	16,628,571.42	Related to assets
Urumqi Ganquanpu Economic and Technological Development Zone Agent Subtreasury Business (Construction of Enterprise Network-based Upgrading Promotion Platform for the Silicon-based Materials Industry)	16,910,000.00	0.00	0.00	0.00	0.00	0.00	16,910,000.00	Related to assets

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 35. Deferred income (Continued)

#### (2) Items of government grants (Continued)

Items of government grants	Opening balance	New grants in current year	Amount included in other income in current year	Amount included in non-operating revenue in current year	Amount to write off costs and expenses in current year	Other changes	Closing balance	Related to assets/related to income
Funds for Construction of TB-eCloud Industrial Internet Platform	15,300,000.00	0.00	0.00	0.00	0.00	0.00	15,300,000.00	Related to assets
Construction of Public Service Platform for New Materials Testing and Evaluation	15,140,000.00	0.00	0.00	0.00	0.00	0.00	15,140,000.00	Related to assets
Support Funds for 1,500-ton-per-annum Polysilicon Expansion	14,490,000.00	0.00	1,610,000.00	0.00	0.00	0.00	12,880,000.00	Related to assets
2018 Ecological Civilization Construction Projects Funded by Central Government's Budgets - 10,000-ton Polysilicon CDI System Energy Efficiency Improvement	11,830,357.14	0.00	892,857.14	0.00	0.00	0.00	10,937,500.00	Related to assets
Urumqi Ganquanpu Economic and Technological Development Zone Agent Subtreasury Business - receipt of central government's support funds for high-quality development of the manufacturing sector for 2019	11,571,428.57	0.00	964,285.72	0.00	0.00	0.00	10,607,142.85	Related to assets
Other projects	199,636,599.36	10,911,000.00	28,849,954.11	0.00	0.00	-300,000.00	181,397,645.25	-

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 36. Share capital

Name of shareholder	Opening balance	Issue of new shares	Changes in current year (+, -)			Sub-total	Closing balance
			Bonus issue	Share capital converted from reserves	Others		
TBEA Co., Ltd.	783,921,287.00	167,304,874.00	0.00	0.00	0.00	167,304,874.00	951,226,161.00
Xinjiang Tebian (Group) Co., Ltd.	58,246,308.00	0.00	0.00	0.00	0.00	0.00	58,246,308.00
Xinjiang Honglian Venture Capital Co., Ltd.	25,616,800.00	0.00	0.00	0.00	0.00	0.00	25,616,800.00
Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.	2,896,800.00	0.00	0.00	0.00	0.00	0.00	2,896,800.00
Liu Bingcheng	774,732.00	0.00	0.00	0.00	0.00	0.00	774,732.00
Jia Boyun	448,560.00	0.00	0.00	0.00	0.00	0.00	448,560.00
Jinglong Technology Holdings Limited	14,619,883.00	0.00	0.00	0.00	0.00	0.00	14,619,883.00
TBEA (HONGKONG) CO., LIMITED	1,223,200.00	0.00	0.00	0.00	0.00	0.00	1,223,200.00
Public shares	312,252,430.00	62,695,126.00	0.00	0.00	0.00	62,695,126.00	374,947,556.00
<b>Total shares</b>	<b>1,200,000,000.00</b>	<b>230,000,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>230,000,000.00</b>	<b>1,430,000,000.00</b>

Notes: In 2021, according to the resolution of 2019 Annual General Meeting on 16 June 2020, the resolution of the fourth extraordinary board meeting of 2021 on 29 April 2021 and the approval of China Securities Regulatory Commission by the Approval on the Issuance of Overseas-listed Foreign Shares by Xinte Energy Co., Ltd. (Zheng Jian Xu Ke [2021] No. 2549), the Company issued 62,695,126.00 overseas-listed foreign shares (H shares) at the issue price of HK\$16.50 per share. On 12 August 2021, the Company received HK\$1,019,987,004.89 of additional capital contribution after deduction of underwriting fees, equivalent to RMB849,037,182.87 based on the central parity rate of RMB against Hong Kong dollar at the issue date (12 August 2021) announced by the People's Bank of China. Excluding other issue expenses, including attorney fees, registration fees and capital verification fees, amounting to RMB1,886,961.49 (exclusive of input VAT), net proceeds totaled RMB847,150,221.38, with the incremental share capital being RMB62,695,126.00 and the incremental capital reserve being RMB784,455,095.38. The additional capital contribution was in cash converted from Hong Kong dollar to RMB.

In September 2021, according to the resolution of the fourth extraordinary board meeting of 2021 on 29 April 2021, the resolution of the fifth extraordinary board meeting of 2021 on 14 May 2021, the resolutions of the second extraordinary general meeting of 2021, the first class meeting for holders of H shares of 2021 and the first class meeting for holders of domestic shares of 2021 held on 28 June 2021, and the approval of China Securities Regulatory Commission by the Approval on Non-public Issuance of Shares by Xinte Energy Co., Ltd. (Zheng Jian Xu Ke [2021] No. 3037), the Company issued 167,304,874 RMB-denominated ordinary shares of RMB1.00 each at the issue price of RMB13.73 per share. On 23 September 2021, the Company materialized the non-public issuance of 167,304,874 RMB-denominated ordinary shares and received total proceeds of RMB2,297,095,920.02. Excluding other issue expenses, including financial advisory fees, attorney fees and capital verification fees, amounting to RMB3,445,813.06 (exclusive of input VAT), net proceeds totaled RMB2,293,650,106.96, with incremental share capital being RMB167,304,874.00 and incremental capital reserve being RMB2,126,345,232.96.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 37. Capital reserve

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Share premium	6,126,762,310.33	2,929,404,309.85	0.00	<b>9,056,166,620.18</b>
Other capital reserves	107,987,090.45	11,590,408.83	15,675,500.35	<b>103,901,998.93</b>
<b>Total</b>	<b>6,234,749,400.78</b>	<b>2,940,994,718.68</b>	<b>15,675,500.35</b>	<b>9,160,068,619.11</b>

Notes:

- (1) "Capital reserve — share premium" increased by RMB2,929,404,309.85 in the current year, including share premium of RMB2,910,800,328.34 from the issuance of overseas-listed foreign shares and the non-public issuance of domestic shares in 2021, details of which are set out in Note VI. 36.
- (2) "Capital reserve — others" included increase of RMB11,590,408.83 in the current year, representing the Company's equity-settled share-based compensation expenses, and decrease of RMB15,675,500.35 in the current year, representing the effect of exercise of share option incentives on other capital reserves and share premium.

### 38. Other comprehensive income

Items	Opening balance	Amount before tax in current year	Amount recognized in current year			Closing balance
			Less: income tax expenses	After-tax amount attributable to the parent company	After-tax amount attributable to non-controlling interest	
I. Other comprehensive income not reclassified to profit or loss	0.00	-7,066,041.44	-1,059,906.22	-4,233,052.18	-1,773,083.04	<b>-4,233,052.18</b>
Changes in fair value of investments in other equity instruments	0.00	-7,066,041.44	-1,059,906.22	-4,233,052.18	-1,773,083.04	<b>-4,233,052.18</b>
II. Other comprehensive income to be reclassified to profit or loss	319,956.86	-129,642.07	0.00	-145,248.13	15,606.06	<b>174,708.73</b>
Exchange differences on translation of financial statements in foreign currency	319,956.86	-129,642.07	0.00	-145,248.13	15,606.06	<b>174,708.73</b>
<b>Total other comprehensive income</b>	<b>319,956.86</b>	<b>-7,195,683.51</b>	<b>-1,059,906.22</b>	<b>-4,378,300.31</b>	<b>-1,757,476.98</b>	<b>-4,058,343.45</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 39. Surplus reserve

Items	Opening balance	Increase in current year	Decrease in current year	Closing balance
Statutory surplus reserve	343,605,668.09	204,048,324.29	0.00	<b>547,653,992.38</b>
<b>Total</b>	343,605,668.09	204,048,324.29	0.00	<b>547,653,992.38</b>

### 40. Undistributed profit

Items	Current year	Previous year
<b>Balance at the end of the previous year</b>	<b>4,262,694,085.15</b>	3,726,555,772.95
Add: Adjustment of undistributed profit at the beginning of the year	<b>0.00</b>	0.00
<b>Balance at the beginning of the year</b>	<b>4,262,694,085.15</b>	3,726,555,772.95
Add: Net profit attributable to owners of the parent company for the year	<b>4,955,264,764.83</b>	634,572,524.53
Less: Appropriation to statutory surplus reserve	<b>204,048,324.29</b>	26,434,212.33
Appropriation to discretionary surplus reserve	<b>0.00</b>	0.00
Appropriation to general risk reserve	<b>0.00</b>	0.00
Payable dividends for ordinary shares	<b>120,000,000.00</b>	72,000,000.00
Dividends of ordinary shares transferred to share capital	<b>0.00</b>	0.00
<b>Balance at the end of the year</b>	<b>8,893,910,525.69</b>	4,262,694,085.15

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 41. Operating revenue, operating cost

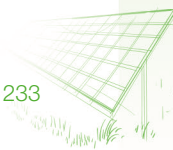
#### (1) Operating revenue, operating cost

Items	Amount recognized in current year	
	Revenue	Cost
Main businesses	22,310,008,128.79	13,043,525,856.89
Other businesses	213,031,813.86	187,817,904.41
<b>Total</b>	<b>22,523,039,942.65</b>	<b>13,231,343,761.30</b>

Items	Amount recognized in previous year	
	Revenue	Cost
Main businesses	14,110,643,185.17	11,699,990,047.79
Other businesses	71,641,357.54	44,780,069.34
<b>Total</b>	<b>14,182,284,542.71</b>	<b>11,744,770,117.13</b>

#### (2) By business segment

Items	Amount recognized in current year	
	Revenue from main businesses	Cost of main businesses
Polysilicon	11,575,636,767.66	4,785,281,691.61
Construction of wind power and PV power plants	7,761,437,141.60	6,734,690,565.76
Operation of wind power and PV power plants	1,873,544,983.78	587,078,560.28
Others	1,099,389,235.75	936,475,039.24
<b>Total</b>	<b>22,310,008,128.79</b>	<b>13,043,525,856.89</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 41. Operating revenue, operating cost (Continued)

#### (2) By business segment (Continued)

Items	Amount recognized in previous year	
	Revenue from main business	Cost of main business
Polysilicon	4,472,466,187.42	3,710,875,860.41
Construction of wind power and PV power plants	7,384,063,271.28	6,464,052,560.78
Operation of wind power and PV power plants	887,323,890.01	345,156,628.99
Others	1,366,789,836.46	1,179,904,997.61
<b>Total</b>	<b>14,110,643,185.17</b>	<b>11,699,990,047.79</b>

### 42. Taxes and surcharges

Items	Amount recognized in current year	Amount recognized in previous year
Urban maintenance and construction tax	<b>56,891,831.39</b>	22,259,323.02
Educational surcharge	<b>25,079,355.14</b>	9,681,291.02
Stamp duty	<b>24,102,390.97</b>	19,458,946.99
Real estate tax	<b>22,897,865.16</b>	19,993,243.12
Land use tax	<b>17,826,540.95</b>	16,192,893.76
Local educational surcharge	<b>16,726,621.55</b>	6,462,903.14
Others	<b>4,675,949.57</b>	2,899,724.67
<b>Total</b>	<b>168,200,554.73</b>	<b>96,948,325.72</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 43. Selling expenses

Items	Amount in current year	Amount in previous year
Project expensing	257,795,787.89	156,081,765.70
Employee compensation	160,480,871.51	112,846,340.56
Quality cost	99,419,156.20	55,765,930.34
Business entertainment	78,714,431.43	54,157,350.36
Travel expenses	34,578,707.42	25,402,572.98
Advisory fees	26,756,075.22	28,387,683.77
Lease payments	19,662,346.40	16,024,128.51
Service fees	19,314,144.76	18,096,456.45
Material consumption	16,417,846.99	3,766,850.33
Bidding fees	6,689,791.28	3,032,258.93
Agent fees	5,994,696.38	6,941,001.09
Others	16,652,352.20	25,881,794.07
<b>Total</b>	<b>742,476,207.68</b>	506,384,133.09

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 44. Administrative expenses

Items	Amount recognized in current year	Amount recognized in previous year
Employee compensation	407,267,093.80	215,248,996.38
Depreciation cost	54,745,145.82	52,000,764.84
Labor service fees	53,027,190.11	39,997,227.16
Advisory fees	32,556,079.59	22,177,259.89
Lease payments	31,485,513.38	5,566,405.92
Advertising and promotion fees	16,109,986.08	10,853,945.21
Business entertainment	13,777,228.21	10,199,503.69
Amortization of intangible assets	13,634,024.93	12,914,531.06
Share-based payment	13,582,025.13	18,330,827.00
Travel expenses	13,034,872.68	16,007,273.01
Legal cost	9,015,765.70	7,378,381.00
Maintenance fees	7,741,752.77	2,601,192.76
Office expenses	6,812,482.27	7,237,510.84
Intermediary fees	5,197,115.45	6,563,403.19
Including: Auditor's remuneration	4,592,578.56	6,563,403.19
— Audit service fees	4,434,366.00	6,410,554.13
— Other service fees	158,212.56	152,849.06
Others	24,452,900.08	30,297,660.28
<b>Total</b>	<b>702,439,176.00</b>	457,374,882.23

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 45. R&D expenses

Items	Amount recognized in current year	Amount recognized in previous year
Staff labor costs	84,028,030.34	56,207,324.22
Direct inputs	143,801,409.03	72,553,553.86
Depreciation and amortization expenses	77,520,184.45	37,506,643.21
Other related costs	31,896,171.83	26,865,705.92
<b>Total</b>	<b>337,245,795.65</b>	193,133,227.21

### 46. Financial expenses

Items	Amount recognized in current year	Amount recognized in previous year
Interest expenses	742,951,253.16	688,699,649.45
Less: Interest income	43,616,571.23	39,266,571.96
Exchange loss (gain)	-5,177,184.72	30,727,637.96
Handling fees and others	19,722,543.25	22,882,509.40
<b>Total</b>	<b>713,880,040.46</b>	703,043,224.85

### 47. Other revenue

Sources of other revenue	Amount recognized in current year	Amount recognized in previous year
Government grants	71,545,979.92	117,190,855.22
Refund of handling fees for withholding individual income tax	5,686,408.13	697,507.81
<b>Total</b>	<b>77,232,388.05</b>	117,888,363.03

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 47. Other revenue (Continued)

#### (1) Breakdown of government grants

Items	Amount recognized in current year	Amount recognized in previous year	Source and basis	Related to assets/related to income
Total	77,232,388.05	117,888,363.03	—	—
Amortization of deferred income	45,109,954.11	91,025,622.74	—	—
Subsidies for employment stabilization	7,434,732.93	826,848.00	Notice on Granting Subsidies for Employment Stabilization for 2020 and 2021	Related to income
Policy Subsidies for 3rd Round of Entrepreneurship	6,945,076.00	859,750.00	Notice and Details of Policy Subsidies for 3rd Round of Entrepreneurship	Related to income
Refund of individual income tax	5,686,408.13	697,507.81	Finance [2019] No. 11	Related to income
Social insurance subsidies	2,743,787.11	0.00	—	Related to income
Technological innovation incentives	1,567,000.00	0.00	Branch of Ecological Environment and Industry Development Bureau in Urumqi Ganquanpu Economic and Technological Development Zone (Industry Zone)	Related to income
Energy conservation technology improvement	1,000,000.00	0.00	Xin Cai Jian [2021] No. 131	Related to income
Xinjiang Silicon-based Materials Innovation Center	0.00	5,000,000.00	Xin Gong Xin Ke Ji [2019] No. 26	Related to income
Special fund of the central government for foreign economic and trade development	0.00	3,052,119.00	Notice of Urumqi on the Special Fund of the Central Government for Foreign Economic and Trade Development for 2019 (Wu Cai Qi [2020] No. 3)	Related to income
Support to export credit insurance	0.00	1,308,958.00	Notice of Urumqi on the Special Fund of the Central Government for Foreign Economic and Trade Development for 2019 (Wu Cai Qi [2020] No. 3)	Related to income
Xinjiang Technical Institute of Physics and Chemistry, Chinese Academy of Sciences, ZBW2109090001 according to the plan on distribution of funds of 1st year for major projects of Science & Technology Department of Xinjiang Uygur Autonomous Region	711,000.00	0.00	Xinjiang Technical Institute of Physics and Chemistry, Chinese Academy of Sciences	Related to income
Talent subsidies under the Tianchi Program	600,000.00	0.00	Xin Ren She Han [2021] No. 254	Related to income
Other projects	5,434,429.77	15,117,557.48	—	—

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 48. Investment income

Items	Amount recognized in current year	Amount recognized in previous year
Income of long-term equity investments under equity method	58,083,839.06	19,777,652.61
Investment income from disposal of long-term equity investments	210,794,729.62	650,941,478.36
Investment income recognized for financial products	0.00	1,869,376.71
Investment income from financial and derivative instruments	12,505,453.05	0.00
Dividend income received in the period of holding other equity instrument investments	905,417.52	0.00
<b>Total</b>	<b>282,289,439.25</b>	<b>672,588,507.68</b>

### 49. Gains from net exposure to hedging

Item	Amount recognized in current year	Amount recognized in previous year
Futures hedging	9,199,497.68	0.00
<b>Total</b>	<b>9,199,497.68</b>	<b>0.00</b>

### 50. Gain on changes in fair value

Items	Amount recognized in current year	Amount recognized in previous year
Financial assets held for trading	5,362,060.36	769,750.66
Derivative financial assets	-5,274,043.01	6,763,361.45
<b>Total</b>	<b>88,017.35</b>	<b>7,533,112.11</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 51. Impairment loss of credit

Items	Amount recognized in current year	Amount recognized in previous year
Loss on bad debts of notes receivable	-7,447,461.98	-3,003,657.07
Loss on bad debts of accounts receivable	-114,229,364.79	-164,465,156.14
Loss on bad debts of other receivables	-8,445,903.66	-73,406,501.07
<b>Total</b>	<b>-130,122,730.43</b>	<b>-240,875,314.28</b>

### 52. Impairment loss of assets

Items	Amount recognized in current year	Amount recognized in previous year
Loss on stock depreciation and loss on impairment of contract performance costs	-132,850,139.07	-139,469,834.95
Loss on impairment of contract assets	-9,095,012.88	-2,595,043.72
Loss on impairment of fixed assets	-411,125,657.64	0.00
Loss on impairment of intangible assets	-9,262,071.19	0.00
<b>Total</b>	<b>-562,332,880.78</b>	<b>-142,064,878.67</b>

### 53. Gains from disposal of assets

Items	Amount recognized in current year	Amount recognized in previous year	Amount included in non-recurring profit or loss of current year
Gains from disposal of non-current assets	-1,366,630.28	4,015,029.85	-1,366,630.28
Including: Gains from disposal of non-current assets not classified as held for sale	-1,366,630.28	4,015,029.85	-1,366,630.28
Including: Gains from disposal of fixed assets	4,164,535.16	4,057,505.35	4,164,535.16
Gains from disposal of intangible assets	-5,531,165.44	-42,475.50	-5,531,165.44
<b>Total</b>	<b>-1,366,630.28</b>	<b>4,015,029.85</b>	<b>-1,366,630.28</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 54. Non-operating revenue

#### (1) Breakdown of non-operating revenue

Items	Amount recognized in current year	Amount recognized in previous year	Amount included in non-recurring profit or loss of current year
Gains from damage or retirement of non-current assets	0.00	43,681.73	0.00
Gains from compensations and penalties	25,985,316.20	27,436,479.25	25,985,316.20
Others	4,483,356.89	3,903,620.76	4,483,356.89
<b>Total</b>	<b>30,468,673.09</b>	31,383,781.74	30,468,673.09

### 55. Non-operating expenses

Items	Amount in current year	Amount in previous year	Amount included in non-recurring profit or loss of current year
Losses on damage or retirement of non-current assets	0.00	2,371,532.09	0.00
Payment of charitable donations	858,407.08	31,554.84	858,407.08
Payment of compensations and penalties	9,917,703.04	17,083,764.64	9,917,703.04
Others	3,788,149.81	19,290,719.72	3,788,149.81
<b>Total</b>	<b>14,564,259.93</b>	38,777,571.29	14,564,259.93

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 56. Income tax expenses

#### (1) Income tax expenses

Items	Amount recognized in current year	Amount recognized in previous year
Current income tax calculated according to tax law and relevant regulations	<b>1,006,410,019.17</b>	196,472,543.64
— China enterprise income tax	<b>1,006,410,019.17</b>	196,472,543.64
— Hong Kong profits tax	<b>0.00</b>	0.00
— Macau income tax	<b>0.00</b>	0.00
Deferred income tax expenses	<b>-72,075,122.54</b>	-132,362,932.00
<b>Total</b>	<b>934,334,896.63</b>	64,109,611.64

### 57. Items of the Cash Flow Statement

#### (1) Other cash received/paid relating to operating/investment/financing activities

##### 1) Other cash received from activities relating to operation

Items	Amount recognized in current year	Amount recognized in previous year
Cash received from penalties	<b>14,778,294.96</b>	7,759,504.60
Cash received from government grants	<b>120,402,321.93</b>	87,228,932.67
Received refunds of bid security for bids the Company submitted to external parties	<b>86,757,868.43</b>	83,283,766.78
Cash received from bid security for bids submitted by external parties	<b>87,156,110.59</b>	48,121,580.97
Cash received from interests of bank deposits	<b>43,616,571.23</b>	39,266,571.96
Other cashes received from operating activities	<b>11,601,073.00</b>	26,559,014.00
Restricted funds	<b>50,373,947.65</b>	0.00
<b>Total</b>	<b>414,686,187.79</b>	292,219,370.98



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 57. Items of the Cash Flow Statement (Continued)

#### (1) Other cash received/paid relating to operating/investment/financing activities (Continued)

##### 2) Other cash paid for activities relating to operating activities

Items	Amount recognized in current year	Amount recognized in previous year
Cash paid for selling expenses, administrative expense and R&D expenses	526,884,997.26	398,731,707.67
Bid security the Company paid for bids submitted to external parties	163,430,128.20	108,960,336.14
Cash paid for refunds of bid security of external parties	78,389,913.78	77,322,775.64
Cash paid for handling fees of relevant banking businesses	19,776,744.51	22,428,060.67
Other cashes paid for operating activities	4,301,809.65	395,934.97
<b>Total</b>	<b>792,783,593.40</b>	<b>607,838,815.09</b>

##### 3) Other cash received relating to investment activities

Item	Amount recognized in current year	Amount recognized in previous year
Cash received from disposal of self-operated projects	605,195,965.12	2,020,000,000.00
<b>Total</b>	<b>605,195,965.12</b>	<b>2,020,000,000.00</b>

##### 4) Other cash paid relating to investment activities

Items	Amount recognized in current year	Amount recognized in previous year
Restricted funds	183,640,324.00	0.00
Decrease of net cash from disposal of subsidiaries	10,898,569.15	0.00
Consideration paid for acquisition of self-operated projects	0.00	330,000,000.00
<b>Total</b>	<b>194,538,893.15</b>	<b>330,000,000.00</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 57. Items of the Cash Flow Statement (Continued)

#### (1) Other cash received/paid relating to operating/investment/financing activities (Continued)

##### 5) Other cash received relating to financing activities

Items	Amount recognized in current year	Amount recognized in previous year
Non-controlling interest of Strategic Emerging Industry Fund	0.00	303,000,000.00
Borrowings of third parties	280,254,067.12	115,005,389.27
Restricted funds	224,597,044.92	0.00
Financial leasing	15,848,600.00	0.00
<b>Total</b>	<b>520,699,712.04</b>	418,005,389.27

##### 6) Other cash paid relating to financing activities

Items	Amount recognized in current year	Amount recognized in previous year
Restricted funds	607,734,341.92	394,035,842.72
Borrowings of third parties	26,984,598.18	220,966,567.30
Financial leasing	4,474,612.63	0.00
<b>Total</b>	<b>639,193,552.73</b>	615,002,410.02

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 57. Items of the Cash Flow Statement (Continued)

#### (2) Supplementary information of the consolidated cash flow statement

Items	Amount recognized in current year	Amount recognized in previous year
<b>1. Net profit reconciled to cash flows from operating activities:</b>		
Net profit	5,384,011,024.20	828,212,051.01
Add: Provision for impairment of assets	562,332,880.78	142,064,878.67
Impairment loss of credit	130,122,730.43	240,875,314.28
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	1,450,486,154.62	1,061,688,915.91
Amortization of right-of-use assets	6,127,913.24	6,354,601.67
Amortization of intangible assets	48,925,169.05	36,478,502.80
Amortization of long-term deferred expenses	4,994,729.85	6,100,234.83
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is represented by "-")	1,366,630.28	-4,015,029.85
Loss on retirement of fixed assets (gain is represented by "-")	0.00	2,327,850.36
Gain or loss from changes in fair value (gain is represented by "-")	-88,017.35	-7,533,112.11
Financial expenses (income is represented by "-")	737,774,068.44	719,427,287.41
Investment loss (income is represented by "-")	-282,289,439.25	-672,588,507.68
Decrease of deferred income tax assets (increase is represented by "-")	-68,914,245.06	-139,619,505.39
Increase of deferred income tax liabilities (decrease is represented by "-")	-3,168,819.23	7,696,566.07
Decrease of inventories (increase is represented by "-")	-1,636,097,291.70	585,934,309.34
Decrease of operating receivables (increase is represented by "-")	-4,652,321,488.58	259,493,073.51
Increase of operating payables (decrease is represented by "-")	2,626,995,973.91	-108,050,237.23
Others	0.00	0.00
Net cash flow from operating activities	4,310,257,973.63	2,964,847,193.60
<b>2. Significant investment and financing activities not involving cash receipt and payment</b>		
Conversion of debt into capital	0.00	0.00
Convertible corporate bonds due within one year	0.00	0.00
Fixed assets leased through financing	0.00	0.00
<b>3. Changes of cash and cash equivalents:</b>		
Balance of cash at the end of the year	3,192,107,888.60	1,993,529,192.05
Less: Balance of cash at the beginning of the year	1,993,529,192.05	2,780,748,290.81
Add: Balance of cash equivalents at the end of the year	0.00	0.00
Less: Balance of cash equivalents at the beginning of the year	0.00	0.00
Net increase of cash and cash equivalents	1,198,578,696.55	-787,219,098.76

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 57. Items of the Cash Flow Statement (Continued)

#### (3) Net cash paid for acquiring subsidiaries in the current year

Items	Amount in current year
<b>Cash or cash equivalents paid in the current year for business merger in the year</b>	<b>1.00</b>
Including: Zhangbei Xuyuan New Energy Technology Co., Ltd. (張北旭源新能源科技有限公司)	1.00
<b>Less: Cash and cash equivalents held by subsidiaries at the acquisition date</b>	<b>0.00</b>
Add: Cash and cash equivalents paid in the current year for business merger in previous periods	20,000,000.00
Including: Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司)	20,000,000.00
<b>Cash paid for acquisition of subsidiaries</b>	<b>20,000,001.00</b>

#### (4) Net cash received from disposal of subsidiaries in the current year

Items	Amount in current year
<b>Cash or cash equivalents received in the current year from disposal of subsidiaries in the year</b>	<b>210,362,499.88</b>
Including: Xi'an Tiansheng Shenghui Energy Technology Co., Ltd. (西安天盛晟輝能源科技有限公司)	102,886,080.00
Xi'an Jiangsheng Tianchen New Energy Technology Co., Ltd. (西安江晟天辰新能源科技有限公司)	50,180,700.00
Zhecheng Fengshang Power Co., Ltd. (柘城縣風尚發電有限公司)	23,900,000.00
Hami Source Power Co., Ltd. (哈密光源發電有限公司)	21,690,500.00
Huojia Huineng Power Co., Ltd. (獲嘉縣匯能發電有限公司)	9,500,000.00
Zhangbei Xuhong Power Co., Ltd. (張北旭弘電力有限公司)	1,188,200.00
Urumqi Huayu Guangsheng Power Technology Co., Ltd. (烏魯木齊華煜光晟電力科技有限公司)	987,019.88
Xi'an Juhe Guangsheng New Energy Technology Co., Ltd. (西安巨合廣晟新能源科技有限公司)	30,000.00
<b>Less: Cash and cash equivalents held by subsidiaries at the date of losing the control right</b>	<b>5,500,586.15</b>
Including: Hami Source Power Co., Ltd. (哈密光源發電有限公司)	3,223,370.21

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 57. Items of the Cash Flow Statement (Continued)

#### (4) Net cash received from disposal of subsidiaries in the current year (Continued)

Items	Amount in current year
Huojia Huineng Power Co., Ltd. (獲嘉縣匯能發電有限公司)	1,051,919.36
Zhangbei Xuhong Power Co., Ltd. (張北旭弘電力有限公司)	711,343.55
Urumqi Huayu Guangsheng Power Technology Co., Ltd. (烏魯木齊華煜光晟電力科技有限公司)	235,357.88
Zhecheng Fengshang Power Co., Ltd. (柘城縣風尚發電有限公司)	156,489.82
Xi'an Tiansheng Shenghui Energy Technology Co., Ltd. (西安天盛晟輝能源科技有限公司)	92,272.67
Xi'an Jiangsheng Tianchen New Energy Technology Co., Ltd. (西安江晟天辰新能源科技有限公司)	20,695.70
Urumqi Jiayang Guangsheng Power Technology Co., Ltd. (烏魯木齊嘉陽光晟電力科技有限公司)	9,136.96
<b>Add: Cash and cash equivalents received in the current year from disposal of subsidiaries in previous periods</b>	<b>538,795,503.86</b>
Including: Inner Mongolia Fenghui Wind Power Co., Ltd. (內蒙古風輝風力發電有限公司)	202,307,182.00
Xi'an Minghui Guangsheng Power Co., Ltd. (西安明暉廣晟發電有限公司)	121,925,049.70
Urumqi Huijia Guangsheng Power Technology Co., Ltd. (烏魯木齊輝嘉光晟電力科技有限公司)	66,160,000.00
Xuwen Haoneng PV Power Generation Co., Ltd. (徐聞縣昊能光伏發電有限公司)	30,286,026.80
Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	27,748,384.44
Wanrong Xinjia New Energy Co., Ltd. (萬榮縣新佳新能源有限公司)	20,000,000.00
Awat Huaguang PV Power Co., Ltd. (阿瓦提華光光伏發電有限公司)	17,164,703.01
Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司)	16,788,871.73
Luyi Fengshang Power Co., Ltd. (鹿邑縣風尚發電有限公司)	13,230,000.00
Luyi Fengsheng Power Co., Ltd. (鹿邑縣風盛發電有限公司)	9,800,000.00
Hoboksar Mongol Autonomous County Huaguang New Energy Co., Ltd. (和布克賽爾蒙古自治縣華光新能源有限責任公司)	7,552,222.56
Chengdu Chenguang New Energy Technology Co., Ltd. (成都市宸光新能源科技有限公司)	4,817,600.00
Chabuchaer Huaguang Power Generation Co., Ltd. (察布查爾華光發電有限責任公司)	1,000,000.00
Qitai County Xinke Wind Power Co., Ltd. (奇台縣新科風能有限責任公司)	15,463.62
<b>Net cash received from disposal of subsidiaries</b>	<b>743,657,417.59</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 57. Items of the Cash Flow Statement (Continued)

#### (5) Cash and cash equivalents

Items	Closing balance	Opening balance
Cash	<b>3,192,107,888.60</b>	1,993,529,192.05
Including: Cash in hand	<b>0.00</b>	0.00
Bank deposits that are readily available for payment	<b>3,192,107,888.60</b>	1,993,529,192.05
Other monetary funds that are readily available for payment	<b>0.00</b>	0.00
Cash equivalents	<b>0.00</b>	0.00
Including: Debt investments due within three months	<b>0.00</b>	0.00
Balance of cash and cash equivalents at the end of the year	<b>3,192,107,888.60</b>	1,993,529,192.05
Including: Restricted cash and cash equivalents	<b>50,922,997.10</b>	41,614,714.32

### 58. Assets with restrictions in ownership or use rights

Items	Carrying amount at the end of the year	Carrying amount at the beginning of the year
Monetary capital	<b>2,186,904,067.03</b>	1,670,500,393.68
Notes receivable	<b>833,490,619.23</b>	204,323,186.00
Accounts receivable	<b>2,470,606,803.97</b>	1,626,911,401.48
Receivables financing	<b>751,212,685.20</b>	410,554,187.45
Inventories	<b>843,562,369.21</b>	243,920,390.30
Fixed assets	<b>13,126,596,567.97</b>	4,732,470,845.39
Construction in progress	<b>0.00</b>	7,511,225,635.44
Intangible assets	<b>130,561,193.88</b>	147,456,780.48
<b>Total</b>	<b>20,342,934,306.49</b>	16,547,362,820.22

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 58. Assets with restrictions in ownership or use rights (Continued)

- Note 1: Restricted monetary capital mainly represents security deposits for bank acceptance notes, Term deposits or call deposits, security deposits for the letter of guarantee and others.
- Note 2: Restricted notes receivable and receivables financing mainly represent bank acceptance notes pledged at the end of the year.
- Note 3: Restricted accounts receivable mainly represent factoring of accounts receivable and the rights to tariff after the completion of new energy plants together with all revenue of such projects pledged for borrowings.
- Note 4: Restricted inventories mainly represent assets of new energy plants pledged for borrowings.
- Note 5: Restricted fixed assets and intangible assets mainly represent assets pledged as collateral and security of borrowings.
- Note 6: Restricted construction in progress mainly represent assets pledged for borrowings; the carrying amount of restricted assets at the end of the year is 0.00, as these items of restricted construction in progress at the beginning of the year are all transferred to fixed assets in the current year.

### 59. Foreign currency monetary items

Items	Foreign currency balance at the end of the year	Exchange rate	Balance translated to RMB at the end of the year
Bank deposits			
Including: USD	10,892,292.59	6.3757	69,445,989.87
EUR	263,074.81	7.2197	1,899,321.21
AUD	1,295.19	4.6220	5,986.37
Indian Rupee	21,651,783.91	0.0857	1,855,557.88
Pakistani Rupee	70,622,408.10	0.0358	2,528,282.21
Egyptian Pound	38,576,126.99	0.4058	15,654,192.33
HKD	172,608.94	0.8176	141,125.07
Chilean Peso	13,322,018.00	0.0075	99,915.14
Bangladeshi Taka	3,633,900.71	0.0745	270,725.60
Turkish Lira	364,826.47	0.4822	175,919.32
Other monetary funds			
Including: USD	2,974,848.86	6.3757	18,966,743.88
EUR	12,875.00	7.2197	92,953.64
AUD	1,060.29	4.6220	4,900.66



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 58. Assets with restrictions in ownership or use rights (Continued)

Items	Foreign currency balance at the end of the year	Exchange rate	Balance translated to RMB at the end of the year
Accounts receivable			
Including: USD	10,207,933.77	6.3757	65,082,723.34
Indian Rupee	16,090,499.45	0.0857	1,378,955.80
Pakistani Rupee	111,374,473.61	0.0358	3,987,206.16
EUR	108.00	7.2197	779.73
Other receivables			
Including: USD	247,146.12	6.3757	1,575,729.52
EUR	43,338.42	7.2197	312,890.39
Pakistani Rupee	156,432,007.60	0.0358	5,600,265.87
Accounts payable			
Including: USD	1,219,890.00	6.3757	7,777,652.67
EUR	47,867.37	7.2197	345,588.05
HKD	142,468.46	0.8176	116,482.21
Pakistani Rupee	3,713,818.00	0.0358	132,954.68
Chilean Peso	2,169,721.00	0.0075	16,272.91
Egyptian Pound	184,638.34	0.4058	74,926.24
Malaysian Ringgit	2,650.00	1.5266	4,045.49
Other payables			
Including: USD	471,661.04	6.3757	3,007,169.29
EUR	6,571.65	7.2197	47,445.34
Pakistani Rupee	559,630.58	0.0358	20,034.77
Egyptian Pound	573,761.48	0.4058	232,832.41
AUD	20.00	4.6220	92.44



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

### 60. Government grants

#### (1) Basic information of government grants

Category	Amount	Presentation item	Amount included in profit or loss of the period
Details set out in Note VI. 35	93,561,000.00	Deferred income	45,109,954.11
Details set out in Note VI. 47	26,436,025.81	Other income	26,436,025.81
<b>Total</b>	<b>119,997,025.81</b>	<b>—</b>	<b>71,545,979.92</b>

#### (2) Refund of government grants

Nil.

## VII. Changes in the Scope of Consolidation

### 1. Business merger involving enterprises under different control:

#### (1) Business merger involving enterprises under different control in the current year

Name of acquiree	Time of equity acquisition	Cost of equity acquisition	Proportion of equity (%)	Way of equity acquisition
Zhangbei Xuyuan New Energy Technology Co., Ltd. (張北旭源新能源科技有限公司)	May 2021	1.00	100.00	Equity transfer under the agreement

Name of acquiree	Acquisition Date	Basis for determination of acquisition date	Revenue of the acquiree from the acquisition date to the end of the year	Net profit of the acquiree from the acquisition date to the end of the year
Zhangbei Xuyuan New Energy Technology Co., Ltd. (張北旭源新能源科技有限公司)	May 2021	Actual acquisition of the control right to the acquiree	0.00	0.00

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## VII. Changes in the Scope of Consolidation (Continued)

### 1. Business merger involving enterprises under different control: (Continued)

#### (2) Cost of merger

Items	Zhangbei Xuyuan New Energy Technology Co., Ltd. (張北旭源 新能源科技有限公司)	
	Fair value at the acquisition date	Carrying amount at the acquisition date
Cash	1.00	—
Carrying amount of non-cash assets	0.00	—
Carrying amount of debts issued or assumed	0.00	—
Carrying amount of equity bonds issued	0.00	—
Fair value of contingent consideration	0.00	—
Fair value of equity as at the acquisition date which are held before such date	0.00	—
Total cost of merger	1.00	—
Less: Share of fair value of identifiable net asset acquired	1.00	—
Excess of the share of fair value of identifiable net asset acquired over goodwill/cost of merger	0.00	—

#### (3) Carrying amounts of assets and liabilities of the combined party as at the merger date

Items	Zhangbei Xuyuan New Energy Technology Co., Ltd. (張北旭源新能源科技有限公司)	
	Fair value at the acquisition date	Carrying amount at the acquisition date
Assets:	—	—
Monetary capital	0.00	0.00
Receivables	0.00	0.00
Other non-current assets	0.00	0.00
Fixed assets	0.00	0.00
Construction in progress	1.00	0.00
Other non-current assets	0.00	0.00
Liabilities:	—	—
Payables	0.00	0.00
Net asset	1.00	0.00
Less: Non-controlling interest	0.00	0.00
Net asset acquired	1.00	0.00

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## VII. Changes in the Scope of Consolidation (Continued)

### 2. Business merger involving enterprises under common control:

Nil.

### 3. Reverse takeover:

Nil.

### 4. Disposal of subsidiaries

#### (1) Loss of control over investment in subsidiaries in a single disposal

Name of subsidiary	Consideration of equity disposal	Proportion of equity disposed of (%)	Way of equity disposal	Time of losing the control right	Basis for determination of time of losing the control right
Hami Source Power Co., Ltd. (哈密光源發電有限公司)	21,690,500.00	100.00	Equity transfer	November 2021	Actual loss of control over the subsidiary
Huojia Huineng Power Co., Ltd. (獲嘉縣匯能發電有限公司)	9,500,000.00	100.00	Equity transfer	June 2021	Actual loss of control over the subsidiary
Xi'an Jiangsheng Tianchen New Energy Technology Co., Ltd. (西安江晟天辰新能源科技有限公司)	83,634,500.00	100.00	Equity transfer	December 2021	Actual loss of control over the subsidiary
Urumqi Huayu Guangsheng Power Technology Co., Ltd. (烏魯木齊華煜光晟電力科技有限公司)	987,019.88	100.00	Equity transfer	June 2021	Actual loss of control over the subsidiary
Xi'an Juhe Guangsheng New Energy Technology Co., Ltd. (西安巨合廣晟新能源科技有限公司)	30,000.00	100.00	Equity transfer	September 2021	Actual loss of control over the subsidiary
Xi'an Tiansheng Shenghui Energy Technology Co., Ltd. (西安天盛晟輝能源科技有限公司)	171,476,800.00	100.00	Equity transfer	December 2021	Actual loss of control over the subsidiary
Zhangbei Xuhong Power Co., Ltd. (張北旭弘電力有限公司)	1,188,200.00	80.00	Equity transfer	December 2021	Actual loss of control over the subsidiary
Zhangbei Xuhong New Energy Technology Co., Ltd. (張北旭弘新能源科技有限公司)	985,500.00	100.00	Equity transfer	December 2021	Actual loss of control over the subsidiary
Zhangbei Xuyuan New Energy Technology Co., Ltd. (張北旭源新能源科技有限公司)	651,300.00	100.00	Equity transfer	December 2021	Actual loss of control over the subsidiary
Zhecheng Fengshang Power Co., Ltd. (柘城縣風尚發電有限公司)	23,900,000.00	100.00	Equity transfer	June 2021	Actual loss of control over the subsidiary

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## VII. Changes in the Scope of Consolidation (Continued)

### 5. Changes in the scope of consolidation for other reasons:

#### (1) Cancellation of subsidiaries

Name of subsidiary	Way of disposal	Time of cancellation	Basis for determination of cancellation time
Hami Shisanjianfang Wind Power Co., Ltd. (哈密十三間房風源發電有限責任公司)	Cancellation	14 January 2021	Notice on Approval of Deregistration issued by Yizhou District Branch of Administration for Market Regulation, Hami
Hami Shisanjianfang Huifeng Power Co., Ltd. (哈密十三間房匯風發電有限責任公司)	Cancellation	14 January 2021	Notice on Approval of Deregistration issued by Yizhou District Branch of Administration for Market Regulation, Hami
Hami Shisanjianfang Xinte Huineng Power Co., Ltd. (哈密十三間房新特匯能發電有限責任公司)	Cancellation	14 January 2021	Notice on Approval of Deregistration issued by Yizhou District Branch of Administration for Market Regulation, Hami
Tongxu Shengfu Wind Power Co., Ltd. (通許晟伏風力發電有限公司)	Cancellation	23 April 2021	Notice on Approval of Deregistration issued by Administration for Market Regulation of Tongxu County
Anxiang Huafeng New Energy Co., Ltd. (安鄉華風新能源有限責任公司)	Cancellation	10 March 2021	Notice on Approval of Deregistration issued by Administration for Market Regulation of Anxiang County

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## VIII. Interests in Other Entities

### 1. Interests in subsidiaries

#### (1) Structure of the Group

##### 1) Major subsidiaries of the Group

Name of subsidiary	Country of registration and principal place of business	Type	Business	Registered capital (RMB 0'000)	Shareholding (%)	Way of acquisition
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	China	Joint stock company	Construction of wind power and PV power plants	443,766	71.57	Business merger involving enterprises under common control
Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司)	China	Limited liability company	Production and sales of polysilicon	350,000	82.00	Incorporation
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	China	Limited liability company	Production and sales of polysilicon	233,915.98	92.34	Incorporation
Xinjiang Xinte Energy Construction Material Co., Ltd. (新疆新特新能建材有限公司)	China	Limited liability company	Production and sales of aerated blocks	4,500	100.00	Incorporation
Xinjiang Xinte Energy Logistic Co., Ltd. (新疆新特能源物流有限公司)	China	Limited liability company	Logistics business	500	100.00	Incorporation
Xinjiang Jingshuo New Materials Co., Ltd. (新疆晶碩新材料有限公司)	China	Limited liability company	R&D, production and sales of zirconium-based new materials	27,000	92.90	Incorporation
TBEA Xi'an Electrical Technology Co., Ltd. (特變電工西安電氣科技有限公司)	China	Limited liability company	R&D, production and sales of inverters	20,000	100.00	Incorporation
Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司)	China	Limited liability company	Operation of PV power plants	15,578.32	100.00	Incorporation
Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司)	China	Limited liability company	Operation of wind power plants	26,700	100.00	Incorporation
Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司)	China	Limited liability company	Operation of wind power and PV power plants	19,465	100.00	Incorporation
Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司)	China	Limited liability company	Operation of wind power plants	38,457.699	100.00	Incorporation
Hami Huafeng New Energy Power Generation Co., Ltd. (哈密華風新能源發電有限公司)	China	Limited liability company	Operation of wind power plants	30,162.432	100.00	Incorporation

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## VIII. Interests in Other Entities (Continued)

### 1. Interests in subsidiaries (Continued)

#### (1) Structure of the Group (Continued)

##### 1) Major subsidiaries of the Group (Continued)

Name of subsidiary	Country of registration and principal place of business	Type	Business	Registered capital (RMB 0'000)	Shareholding (%)	Way of acquisition
Mulei County Jiayu Fengsheng Power Generation Co., Ltd. (木壘縣嘉裕風能發電有限公司)	China	Limited liability company	Operation of wind power plants	28,107	100.00	Incorporation
Mulei County Xinte Huineng Power Generation Co., Ltd. (木壘縣新特匯能發電有限公司)	China	Limited liability company	Operation of wind power plants	16,250	100.00	Incorporation
Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新源新能源有限公司)	China	Limited liability company	Operation of wind power plants	29,644.73	100.00	Incorporation
Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司)	China	Limited liability company	Operation of PV power plants	15,349.6	100.00	Incorporation
Zhengxiangbaiqi Fengsheng Power Generation Co., Ltd. (正鑲白旗風能發電有限公司)	China	Limited liability company	Operation of wind power plants	73,293.89	100.00	Incorporation
Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司)	China	Limited liability company	Operation of wind power plants	42,000	100.00	Business merger involving enterprises under different control
Xi'an TBEA Electric Power Design Co., Ltd. (西安特變電工電力設計有限公司)	China	Limited liability company	Electric power design	2,099.9	77.16	Incorporation
TBEA Xi'an Flexible Power Transmission & Distribution Co., Ltd. (特變電工西安柔性輸配電有限公司)	China	Limited liability company	R&D, production and sales of flexible direct current power transmission and distribution	5,000	100.00	Incorporation
Heze Mudan District Haofeng New Energy Co., Ltd. (菏澤市牡丹區浩風新能源有限公司)	China	Limited liability company	Operation of wind power plants	10,900	100.00	Incorporation
Ruicheng Huiyuan Power Co., Ltd. (芮城縣輝源發電有限公司)	China	Limited liability company	Operation of PV power plants	7,967.96	100.00	Incorporation
Chongren County Huafeng Power Generation Co., Ltd. (崇仁縣華風發電有限公司)	China	Limited liability company	Operation of wind power plants	10,340	100.00	Incorporation
Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限公司)	China	Limited liability company	Operation of PV power plants	8,163.5	100.00	Incorporation

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## VIII. Interests in Other Entities (Continued)

### 1. Interests in subsidiaries (Continued)

#### (2) Significant non-wholly owned subsidiaries

Name of subsidiary	Shareholding of non-controlling interest (%)	Profit or loss attributable to non-controlling interest in 2021	Dividends declared to non-controlling interest in 2021	Balance of non-controlling interest as at 31 December 2021
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	28.43	178,508,269.22	140,960,553.63	2,328,437,075.93
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	7.66	250,018,984.67	13,394,100.00	396,227,047.61

Name of subsidiary	Shareholding of non-controlling interest (%)	Profit or loss attributable to non-controlling interest in 2020	Dividends declared to non-controlling interest in 2020	Balance of non-controlling interest as at 31 December 2020
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	29.52	164,787,448.41	124,682,545.64	2,293,647,128.03
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	7.66	27,579,290.19	0.00	159,602,162.94

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## VIII. Interests in Other Entities (Continued)

### 1. Interests in subsidiaries (Continued)

#### (3) Key financial information of significant non-wholly owned subsidiaries: in RMB'0,000

Name of subsidiary			Closing balance			Total liabilities
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	1,416,056.86	1,700,227.65	3,116,284.51	1,144,017.04	1,152,377.31	2,296,394.35
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	575,787.94	522,318.63	1,098,106.57	380,674.25	140,487.00	521,161.25

Name of subsidiary			Opening balance			Total liabilities
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	1,372,200.34	1,583,407.53	2,955,607.87	1,061,848.44	1,116,087.73	2,177,936.17
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	45,073.96	530,635.52	575,709.48	126,656.17	180,821.00	307,477.17



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## VIII. Interests in Other Entities (Continued)

### 1. Interests in subsidiaries (Continued)

**(3) Key financial information of significant non-wholly owned subsidiaries: in RMB'0,000 (Continued)**

Name of subsidiary	Amount recognized in current year			Cash flows from operating activities
	Operating revenue	Net profit	Total comprehensive income	
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	1,035,970.19	60,607.78	60,012.46	143,421.03
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	807,176.40	326,198.78	326,198.78	94,526.57

Name of subsidiary	Amount recognized in previous year			Cash flows from operating activities
	Operating revenue	Net profit	Total comprehensive income	
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	939,481.58	55,228.16	55,228.88	136,017.73
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	276,345.76	35,982.59	35,982.59	44,864.32

- (4) Significant restrictions on use of the Group's assets and settlement of the Group's debts: Nil.
- (5) Financial support or other support provided to structured entities included in the scope of consolidated financial statements: Nil.
- (6) Others: As at 31 December 2021, subsidiaries of the Company have not issued shares or debt securities.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## VIII. Interests in Other Entities (Continued)

### 2. Changes in share of owner's equity in subsidiaries with control over subsidiaries

#### (1) Changes in share of owner's equity in subsidiaries:

According to the resolution of the fourth extraordinary board meeting of 2021 on 29 April 2021, the resolution of the fifth extraordinary board meeting of 2021 on 14 May 2021, the resolutions of the second extraordinary general meeting of 2021, the first class meeting for holders of H shares of 2021 and the first class meeting for holders of domestic shares of 2021 held on 28 June 2021, the Company's plan of non-public issuance of domestic shares was approved; RMB2,000,000,000 of proceeds from the issuance will be used in the 100,000-ton-per-annum high-purity polysilicon green energy circular economy construction project; the remaining proceeds of RMB293,000,000 will be injected by the Company to the subsidiary TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) as capital increase to replenish the working capital for wind power and PV power development. After the capital increase, the Company's equity interest in TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) will change from 70.48% to 71.57%.

#### (2) Effect of changes in share of owner's equity in subsidiaries on the equity interest

2021:

Items	TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)
<b>Cash</b>	<b>293,476,333.37</b>
Fair value of non-cash assets	0.00
Total acquisition cost/disposal consideration	<b>293,476,333.37</b>
Less: Share of net asset of TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) calculated on the basis of equity disposed of	<b>296,404,814.53</b>
<b>Difference</b>	<b>-2,928,481.16</b>
Including: Adjustment of capital reserve	<b>2,928,481.16</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## VIII. Interests in Other Entities (Continued)

### 2. Changes in share of owner's equity in subsidiaries with control over subsidiaries (Continued)

#### (2) Effect of changes in share of owner's equity in subsidiaries on the equity interest (Continued)

2020:

Items	TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆 新能源股份 有限公司)
<b>Cash</b>	275,000,000.00
Fair value of non-cash assets	0.00
Total acquisition cost/disposal consideration	275,000,000.00
Less: Share of net asset of TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆 新能源股份有限公司) calculated on the basis of equity disposed of	306,896,299.33
<b>Difference</b>	-31,896,299.33
Including: Adjustment of capital reserve	31,896,299.33

### 3. Interests in joint ventures or associates:

#### (1) Significant joint ventures or associates: Nil.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## VIII. Interests in Other Entities (Continued)

### 3. Interests in joint ventures or associates (Continued)

#### (2) Summary of financial information of insignificant joint ventures and associates

Items	Closing balance/Amount recognized in current year	Opening balance/Amount recognized in previous year
<b>Joint ventures:</b>		
Total carrying amount of investments	<b>68,674,409.69</b>	57,499,414.59
Total amount calculated according to proportion of shareholding		—
— Net profit	<b>10,271,918.68</b>	6,313,793.47
— Other comprehensive income	<b>0.00</b>	0.00
— Total comprehensive income	<b>10,271,918.68</b>	6,313,793.47
<b>Associates:</b>		
Total carrying amount of investments	<b>368,818,433.42</b>	265,936,565.78
Total amount calculated according to proportion of shareholding		—
— Net profit	<b>41,188,865.23</b>	20,695,041.14
— Other comprehensive income	<b>0.00</b>	0.00
— Total comprehensive income	<b>41,188,865.23</b>	20,695,041.14

4. Significant joint operations: Nil.

5. Structure entities not included in the scope of consolidated financial statements: Nil.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IX. Risks Related to Financial Instruments

Main financial instruments of the Group include borrowings, receivables and payables, and details of each are set out in Note VI. Risks related to these financial instruments and risk management policies the Group adopts to mitigate such risks are discussed below. The management of the Group manages and monitors the exposure of these risks, to ensure that these risks are controlled within specific ranges.

### 1. Risk management goals and policies.

The goal of the Group's risk management is to achieve reasonable balance between risk and income, minimize the negative impact of risks on the Group's operating results and maximize the interests of shareholders and other equity investors. Based on the goal, the Group's basic strategy of risk management is to identify and analyze the risks the Group is subject to, establish appropriate risk tolerance baseline, promote risk management, monitor risks in a timely and reliable manner and control the risks within specific ranges.

#### (1) Market risks

- 1) Exchange rate risk: The Group's exposure to exchange rate risk is primarily related to USD, HKD and EUR. Other than several subsidiaries that settle procurement and sales by USD, other business activities of the Group are denominated and settled in RMB. As at 31 December 2021, all balances of assets and liabilities of the Group are denominated in RMB, other than the following assets and liabilities denominated in USD and other currencies. The exchange rate risk arising from these assets and liabilities denominated in other currencies may have impact on the Group's operating results.

Items	Closing balance	Opening balance
<b>Bank deposits</b>		
Including: USD	<b>10,892,292.59</b>	12,734,468.98
EUR	<b>263,074.81</b>	363,011.26
AUD	<b>1,295.19</b>	1,362.94
Indian Rupee	<b>21,651,783.91</b>	0.00
Pakistani Rupee	<b>70,622,408.10</b>	155,916,688.47
Egyptian Pound	<b>38,576,126.99</b>	7,623,440.66
HKD	<b>172,608.94</b>	177,677.77
Chilean Peso	<b>13,322,018.00</b>	21,667,925.00
Bangladeshi Taka	<b>3,633,900.71</b>	3,633,900.71
Turkish Lira	<b>364,826.47</b>	17,843.10
Other monetary funds		
Including: USD	<b>2,974,848.86</b>	3,667,417.55
EUR	<b>12,875.00</b>	12,875.00
AUD	<b>1,060.29</b>	0.00

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IX. Risks Related to Financial Instruments (Continued)

### 1. Risk management goals and policies. (Continued)

#### (1) Market risks (Continued)

Items	Closing balance	Opening balance
<b>Accounts receivable</b>		
Including: USD	10,207,933.77	13,940,030.59
Indian Rupee	16,090,499.45	16,093,407.05
Pakistani Rupee	111,374,473.61	85,179,982.13
EUR	108.00	0.00
JPY	0.00	1,222,730.00
<b>Other receivables</b>		
Including: USD	247,146.12	285,337.27
Egyptian Pound	0.00	0.00
EUR	43,338.42	0.00
HKD	0.00	0.00
Pakistani Rupee	156,432,007.60	330,219,953.16
AUD	0.00	0.00
<b>Accounts payable</b>		
Including: USD	1,219,890.00	1,699,264.92
EUR	47,867.37	14,688.43
HKD	142,468.46	142,468.46
Pakistani Rupee	3,713,818.00	33,527,375.19
Chilean Peso	2,169,721.00	2,169,721.00
Egyptian Pound	184,638.34	3,924,981.38
Malaysian Ringgit	2,650.00	2,650.00
<b>Other payables</b>		
Including: USD	471,661.04	263,852.67
EUR	6,571.65	4,100.00
Pakistani Rupee	559,630.58	3,178,995.38
Egyptian Pound	573,761.48	324,846.82
AUD	20.00	20.00
HKD	0.00	0.00
<b>Long-term borrowings</b>		
Including: USD	0.00	0.00

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IX. Risks Related to Financial Instruments (Continued)

### 1. Risk management goals and policies. (Continued)

#### (1) Market risks (Continued)

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

As at 31 December 2021, the Group's interest-bearing liabilities mainly represent fixed rate and floating rate contracts denominated in RMB, with the aggregate value of RMB17,724,309,125.70 (31 December 2020: RMB16,563,060,961.80).

The Group's risk of changes in fair value of financial instruments resulted from the changes in interest rates was mainly associated with bank borrowings with fixed interest rate. The Group aims at maintaining these fixed interest-rate bank borrowings at floating rates.

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

- 3) Price risk: The Group is subject to price fluctuations as it procures raw materials and sells products at market rates.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IX. Risks Related to Financial Instruments (Continued)

### 1. Risk management goals and policies. (Continued)

#### (2) Credit risk.

As of 31 December 2021, the largest credit risk exposure that may incur financial loss to the Group mainly came from the other party's failure to perform its obligations under the contract that leads to a loss of financial assets of the Group, including:

Carrying amount of financial assets recognized in the consolidated balance sheet; for financial instruments measured at fair value, the carrying amount reflects the risk exposure, which is not the largest risk exposure, and the largest risk exposure will change according to the changes of fair value in the future.

To minimize the credit risk, the Group establishes a designated department to determine the credit line, review credit approval and perform other monitoring procedures to ensure necessary measures are adopted to recover overdue debts. In addition, the Group reviews the recovery of each item of receivables at each balance sheet date, to ensure sufficient bad debt provisions are made on unrecoverable items. Therefore, the management of the Group believes that the credit risk the Group is subject to has been reduced significantly.

The Group's credit risk related to liquidity was relatively low as its liquidity was deposited in banks with high credit rating and TBEA Group Finance Co., Ltd.

The Group had taken necessary measures to make sure all customers have a good credit record. Other than the five largest amounts of accounts receivable, the Group does not have other significant credit risk concentration.

The aggregate of five largest amounts of accounts receivable: RMB3,224,021,510.02.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IX. Risks Related to Financial Instruments (Continued)

### 1. Risk management goals and policies. (Continued)

#### (3) Liquidity risk.

Liquidity risk is the risk that the Group is not be able to meet the financial obligations at maturity. The Group's policy of liquidity risk management is to ensure sufficient liquidity to meet the financial obligations as the fall due without incurring unacceptable losses or causing damage to its reputation. The Group regularly analyzes the structure and maturity of liabilities to ensure that sufficient funds are available. The management of the Group monitors the use of bank borrowings and ensures compliance with the agreements. It also negotiates with financial institutions on financing to maintain a certain credit limit and reduce liquidity risk.

The Group takes bank borrowings as the major source of funds. As at 31 December 2021, the Group's unutilized facilities were RMB20,939,634,000.00, including unutilized credit line for short-term borrowings of RMB7,802,451,200.00.

Analysis of financial assets and financial liabilities of the Group by maturity of undiscounted remaining contractual obligations is set out as follows:

Amounts as at 31 December 2021:

Items	Within 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Total
<b>Financial assets</b>					
Monetary capital	5,379,011,955.63	0.00	0.00	0.00	5,379,011,955.63
Financial assets held for trading	76,985,909.10	0.00	0.00	0.00	76,985,909.10
Notes receivable	1,820,717,522.29	0.00	0.00	0.00	1,820,717,522.29
Accounts receivable	4,350,167,515.00	940,520,543.03	1,187,178,878.71	20,238,333.29	6,498,105,270.03
Other receivables	338,511,488.08	53,910,662.90	566,984,747.57	2,945,861.14	962,352,759.69
<b>Financial liabilities</b>					0.00
Short-term borrowings	1,766,100,999.28	0.00	0.00	0.00	1,766,100,999.28
Financial liabilities held for trading	0.00	0.00	0.00	0.00	0.00
Notes payable	6,105,804,193.98	1,974,950.00	0.00	0.00	6,107,779,143.98
Accounts payable	3,547,723,666.97	1,030,149,961.19	995,221,197.24	0.00	5,573,094,825.40
Other payables	178,057,316.76	17,237,001.33	8,368,417.39	27,590,064.99	231,252,800.47
Dividends payable	13,394,100.00	0.00	0.00	0.00	13,394,100.00
Staff remuneration payables	385,279,896.06	0.00	0.00	0.00	385,279,896.06
Non-current liabilities due within					
one year	1,641,406,696.12	0.00	0.00	0.00	1,641,406,696.12
Long-term borrowings	0.00	2,163,585,344.59	4,744,214,123.53	7,432,767,953.30	14,340,567,421.42
Bonds payable	0.00	0.00	0.00	0.00	0.00
Long-term payables	0.00	0.00	337,150,000.00	0.00	337,150,000.00

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IX. Risks Related to Financial Instruments (Continued)

### 2. Sensitivity analysis

The Group adopts sensitivity analysis techniques to analyze how the profit or loss of the current period or shareholders' equity would be affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

#### (1) Sensitivity analysis of foreign exchange risk

The assumption for sensitivity analysis of foreign exchange risk: all hedging of net investment in overseas operations and cash flow hedging are highly effective.

Based on the above assumption, with all other variables held constant, the post-tax effects of possible reasonable changes in exchange rates on profit or loss of the current period and equity are:

Items	Change in exchange rate	2021	
		Effect on net profit	Effect on shareholders' equity
All foreign currencies	5% appreciation against RMB	8,441,517.98	8,441,517.98
All foreign currencies	5% depreciation against RMB	-8,441,517.98	-8,441,517.98

Items	Change in exchange rate	2020	
		Effect on net profit	Effect on shareholders' equity
All foreign currencies	5% appreciation against RMB	10,200,777.76	10,200,777.76
All foreign currencies	5% depreciation against RMB	-10,200,777.76	-10,200,777.76

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## IX. Risks Related to Financial Instruments (Continued)

### 2. Sensitivity analysis (Continued)

#### (2) Sensitivity analysis of interest rate risk

Sensitivity analysis of interest rate risk is based on the following assumption:

Changes in market interest rates influence interest income or expenses of variable-rate financial instruments;

As for fixed-rate financial instruments measured at fair value, changes in market interest rates only influence interest income or expenses;

Changes in fair value of derivative financial instruments and other financial assets and liabilities are calculated by using cash flow discounting method in accordance with the market interest rates as at the balance sheet date.

Based on the above assumption, with all other variables held constant, the post-tax effects of possible reasonable changes in interest rates on profit or loss of the current period and equity are:

Items	Change in exchange rate	2021	
		Effect on net profit	Effect on shareholders' equity
Floating-rate borrowings	Increase by 1%	-146,355,649.76	-116,281,230.29
Floating-rate borrowings	Decrease by 1%	146,355,649.76	116,281,230.29

Items	Change in exchange rate	2020	
		Effect on net profit	Effect on shareholders' equity
Floating-rate borrowings	Increase by 1%	-134,977,289.28	-120,613,154.59
Floating-rate borrowings	Decrease by 1%	134,977,289.28	120,613,154.59

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## X. Disclosure of Fair Value

### 1. Fair value of assets and liabilities measured at fair value at the end of the year

Items	Fair value at the end of the year			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
<b>I. Continuous fair value measurement</b>				
(I) Financial assets held for trading	0.00	25,326,968.04	51,658,941.06	76,985,909.10
1. Financial assets at fair value through profit or loss	0.00	25,326,968.04	51,658,941.06	76,985,909.10
(1) Investments in debt instruments	0.00	0.00	0.00	0.00
(2) Investments in equity instruments	0.00	22,523,005.69	51,658,941.06	74,181,946.75
(3) Derivative financial instruments	0.00	2,803,962.35	0.00	2,803,962.35
(II) Receivables financing	0.00	3,608,991,052.55	0.00	3,608,991,052.55
(III) Other debt investments	0.00	0.00	35,023,968.14	35,023,968.14
(IV) Other equity instrument investments	0.00	0.00	1,000,000.00	1,000,000.00
Total assets continuously measured at fair value	0.00	3,634,318,020.59	87,682,909.20	3,722,000,929.79

### 2. Valuation techniques and qualitative and quantitative information of important parameters adopted for items of continuous and non-continuous Level 2 fair value measurement

- (1) The fair value of receivables financing of the Group approximates the carrying amount, as the remaining term is relatively short.

### 3. Valuation techniques and qualitative and quantitative information of important parameters adopted for items of continuous and non-continuous Level 3 fair value measurement

- (1) Non-current financial assets under Level 3 fair value measurement mainly include investments in unlisted equity (private equity) and private funds. As the Group's shareholding in the investees are relatively low and has no significant influence on investees, it is impractical to adopt income approach or market-based approach to assess the value of investees; the investees do not have introduction of investors or equity transfer of shareholders in recent periods that can serve as reference of fair value; based on the analysis of relevant information acquired, the Group has not noticed significant changes of investees' internal and external environments since their establishment. Therefore, it is a "limited circumstance" where the book value is deemed as the best estimate of fair value, and the cost is recognized as fair value at the end of the period accordingly.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions

### (I) Relationship with related parties

#### 1. Controlling shareholder and ultimate controlling party

##### (1) Controlling shareholder and ultimate controlling party

Name of controlling shareholder	Registration place	Business	Registered capital (RMB'0,000)	Proportion of shareholding in the Company (%)	Proportion of voting right in the Company (%)
TBEA Co., Ltd.	Changji, Xinjiang	Production and sales	378,855.0289	66.61	66.61

Name of controlling shareholder and ultimate controlling party	Type	Legal representative	Unified Social Credit Identifier
TBEA Co., Ltd.	Other joint stock company (listed)	Zhang Xin	916500 00299201121Q

##### (2) Registered capital of controlling shareholder and the changes

Controlling shareholder	Opening balance	Increase in current year	Decrease in current year	Closing balance
TBEA Co., Ltd.	3,714,312,789.00	74,237,500.00	0.00	3,788,550,289.00

##### (3) Shares or equity interest held by controlling shareholder and the changes

Controlling shareholder	Amount of shareholding		Proportion of shareholding (%)	
	Closing balance	Opening balance	Closing balance	Opening balance
TBEA Co., Ltd.	952,449,361	785,144,487	66.61	65.43

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (I) Relationship with related parties (Continued)

#### 2. Subsidiaries

Details of subsidiaries are set out in Note “VIII. 1. (1) Structure of the Group”.

#### 3. Joint ventures and associates with operations and transactions with the Company

Name of joint venture or associate with operations and transactions with the Company	Relationship with the Company
Changji Xuefeng Blasting Engineering Co., Ltd. (昌吉雪峰爆破工程有限公司)	Associate of the controlling shareholder
Xinjiang Joinworld Co., Ltd.	Associate of the controlling shareholder
Xinjiang Joinworld Jinyuan Magnesium Industry Co., Ltd. (新疆眾和金源鎂業有限公司)	Associate of the controlling shareholder
Xinjiang Joinworld Modern Logistics Co., Ltd. (新疆眾和現代物流有限責任公司)	Associate of the controlling shareholder
Xinjiang Lv Yuan Property Services Co., Ltd. (新疆鋁苑物業服務有限責任公司)	Associate of the controlling shareholder
Shihezi Joinworld New Materials Co., Ltd. (石河子眾和新材料有限公司)	Associate of the controlling shareholder
Shihezi Zhongjin Electrode Foil Co., Ltd. (石河子眾金電極箔有限公司)	Associate of the controlling shareholder
Jeminay Xinte Wind Power Co., Ltd. (吉木乃新特風電有限公司)	Associate
Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司)	Associate
Sichuan Ganzhi Datang International New Energy Co., Ltd. (四川甘孜大唐國際新能源有限責任公司)	Joint venture
Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	Associate
Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司)	Associate
Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司)	Associate
Xi'an Wucheng New Energy Power Co., Ltd. (西安吳城新能源發電有限公司)	Associate
Xi'an Xingwu Wind Power Co., Ltd. (西安興武風力發電有限公司)	Associate
Wujiaqu TBEA PV Power Technology Co., Ltd. (五家渠特變電工光電科技有限責任公司)	Associate
Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公司)	Associate
Wujiaqu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司)	Associate
Qianjiang Gaoruida New Energy Co., Ltd. (潛江高銳達新能源有限公司)	Associate
Shishou Shouyi New Energy Co., Ltd. (石首市首義新能源有限公司)	Associate
Yunmeng Herui Shengxin New Energy Co., Ltd. (雲夢縣河銳晟鑫新能源有限公司)	Associate
Gong'an Zhurui Shengxin New Energy Co., Ltd. (公安縣竹瑞晟鑫新能源有限公司)	Associate
China Energy Xinjiang Ganquanpu Integrated Energy Co., Ltd. (國能新疆甘泉堡綜合能源有限公司)	Associate

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (I) Relationship with related parties (Continued)

#### 4. Other related parties with operations and transactions with the Company

Name of related party with operations and transactions with the Company	Relationship with the Company
Changji Hui Autonomous Prefecture TBEA Employee Training Center (昌吉回族自治州特變電工職業培訓中心)	Enterprise controlled by the controlling shareholder
Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司)	Enterprise controlled by the controlling shareholder
Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司)	Enterprise controlled by the controlling shareholder
Sanyang Silu (Khorgas) Factoring Co., Ltd. (三陽絲路(霍爾果斯)商業保理有限公司)	Enterprise controlled by the controlling shareholder
Shenyang Hexin Pipes Co., Ltd. (瀋陽和新套管有限公司)	Enterprise controlled by the controlling shareholder
TBEA (Deyang) Cable Co., Ltd. (特變電工(德陽)電纜股份有限公司)	Enterprise controlled by the controlling shareholder
TBEA (Deyang) Electrical Engineering Co., Ltd. (特變電工(德陽)電力工程有限公司)	Enterprise controlled by the controlling shareholder
TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司)	Enterprise controlled by the controlling shareholder
TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司)	Enterprise controlled by the controlling shareholder
TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司)	Enterprise controlled by the controlling shareholder
TBEA Hunan Engineering Co., Ltd. (特變電工湖南工程有限公司)	Enterprise controlled by the controlling shareholder
TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司)	Enterprise controlled by the controlling shareholder
TBEA Jing-Jin-Ji Intelligence Technology Co., Ltd. (特變電工京津冀智能科技有限公司)	Enterprise controlled by the controlling shareholder
TBEA Kangjia (Shenyang) Transformer Co., Ltd. (特變電工康嘉(瀋陽)互感器有限責任公司)	Enterprise controlled by the controlling shareholder
TBEA Technology Investment Co., Ltd. (特變電工科技投資有限公司)	Enterprise controlled by the controlling shareholder
TBEA Nanjing Intelligent Electrical Power and Equipment Co., Ltd. (特變電工南京智能電氣有限公司)	Enterprise controlled by the controlling shareholder
TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司)	Enterprise controlled by the controlling shareholder
TBEA Shandong Shenbian Electrical Equipment Co., Ltd. (特變電工山東沈變電氣設備有限公司)	Enterprise controlled by the controlling shareholder



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (I) Relationship with related parties (Continued)

#### 4. Other related parties with operations and transactions with the Company (Continued)

Name of related party with operations and transactions with the Company	Relationship with the Company
TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	Enterprise controlled by the controlling shareholder
TBEA Shenyang Electric Power Survey & Design Co., Ltd. (特變電工瀋陽電力勘測設計有限公司)	Enterprise controlled by the controlling shareholder
TBEA Shenyang Modern Logistics and International Trade Co., Ltd. (特變電工瀋陽現代物流國際貿易有限公司)	Enterprise controlled by the controlling shareholder
TBEA Southwest Electrical Engineering Co., Ltd. (特變電工西南電氣工程有限公司)	Enterprise controlled by the controlling shareholder
TBEA Xinjiang Electrical Engineering Materials Co., Ltd. (特變電工新疆電工材料有限公司)	Enterprise controlled by the controlling shareholder
TBEA Xinjiang Energy Co., Ltd. (特變電工新疆能源有限公司)	Enterprise controlled by the controlling shareholder
TBEA Energy (India) Co., Ltd. (特變電工能源(印度)有限公司)	Enterprise controlled by the controlling shareholder
TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司)	Enterprise controlled by the controlling shareholder
TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司)	Enterprise controlled by the controlling shareholder
TBEA Zhongfa Shanghai High-voltage Switch Co., Ltd. (特變電工中發上海高壓開關有限公司)	Enterprise controlled by the controlling shareholder
Tianjin TBEA Transformer Co., Ltd. (天津市特變電工變壓器有限公司)	Enterprise controlled by the controlling shareholder
Northwest Wire & Cable Testing Co., Ltd. (西北電線電纜檢測中心有限公司)	Enterprise controlled by the controlling shareholder
Xinjiang Tianchi Energy Sales Co., Ltd. (新疆天池能源銷售有限公司)	Enterprise controlled by the controlling shareholder
Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司)	Enterprise controlled by the controlling shareholder
Xinjiang Zhundong TBEA Energy Co., Ltd. (新疆准東特變能源有限責任公司)	Enterprise controlled by the controlling shareholder
Xinjiang Changji TBEA Energy Co., Ltd. (新疆昌吉特變能源有限責任公司)	Enterprise controlled by the controlling shareholder
Xinjiang TBEA Engineering Project Management Co., Ltd. (新疆特變電工工程項目管理有限公司)	Enterprise controlled by the controlling shareholder
Xinjiang TBEA Electrical Industry Cultural Tourism Co., Ltd. (新疆特變電工工業文化旅遊有限責任公司)	Enterprise controlled by the controlling shareholder



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (I) Relationship with related parties (Continued)

#### 4. Other related parties with operations and transactions with the Company (Continued)

Name of related party with operations and transactions with the Company	Relationship with the Company
Xinjiang TBEA Supply Chain Management Co., Ltd. (新疆特變電工供應鏈管理有限公司)	Enterprise controlled by the controlling shareholder
TBEA Smart Energy Co., Ltd. (特變電工智慧能源有限公司)	Enterprise controlled by the controlling shareholder
TBEA Hunan International Logistics Technology Co., Ltd. (特變電工湖南國際物流科技有限公司)	Enterprise controlled by the controlling shareholder
Xinjiang Tebian Group Co., Ltd. (新疆特變電工集團有限公司)	Enterprise controlled by directors of the Company
Shenyang TBEA Electrical Engineering Co., Ltd. (瀋陽特變電工電氣工程有限公司)	Enterprise controlled by directors of the Company
Inner Mongolia TBEA Energy Equipment Co., Ltd. (內蒙古特變電工能源裝備有限公司)	Enterprise controlled by directors of the Company
Xinjiang Changte Power Transmission and Transformation Devices Co., Ltd. (新疆昌特輸變電配件有限公司)	Enterprise controlled by directors of the Company
Xinjiang TBEA Health & Wellness Property Co., Ltd. (新疆特變電工康養置業有限公司)	Enterprise controlled by directors of the Company
Xinjiang TBEA International Package Services Co., Ltd. (新疆特變電工國際成套工程承包有限公司)	Enterprise controlled by directors of the Company
Xinjiang Tebian Group Logistics Co., Ltd. (新疆特變電工集團物流有限公司)	Enterprise controlled by directors of the Company
Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	Enterprise controlled by directors of the Company
Zhongjiang Logistics Fukang Co., Ltd. (中疆物流阜康有限公司)	Enterprise controlled by directors of the Company
Zhongjiang Logistics Co., Ltd. (中疆物流有限責任公司)	Enterprise controlled by directors of the Company
Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	Enterprise controlled by directors of the Company
Zhongsilu Design & Consulting Co., Ltd. (中絲路設計諮詢有限公司)	Enterprise controlled by directors of the Company
Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	Party of other relationship
Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司)	Party of other relationship
Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恆潤金電力科技有限公司)	Party of other relationship

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (I) Relationship with related parties (Continued)

#### 4. Other related parties with operations and transactions with the Company (Continued)

Name of related party with operations and transactions with the Company	Relationship with the Company
Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	Party of other relationship
China General Certification Center	Party of other relationship
Beijing Ruifeng Advertising Media Co., Ltd. (北京瑞風廣告傳媒有限公司)	Party of other relationship
Xinjiang Honglian Venture Capital Co., Ltd. (新疆宏聯創業投資有限公司)	Party of other relationship
Leon Technology Co., Ltd.	Party of other relationship
Zhejiang Jingsheng Mechanical & Electrical Co., Ltd. (浙江晶盛機電股份有限公司)	Party of other relationship
Delixi Xinjiang Transportation Group Co., LTD	Party of other relationship

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (II) Related-party transactions

#### 1. Related-party transactions of purchase of goods and acceptance of services

##### (1) Purchase of goods/acceptance of services

Related party	Amount recognized in current year	Amount recognized in previous year
Xinjiang Tianchi Energy Sales Co., Ltd. (新疆天池能源銷售有限公司)	224,459,602.38	193,852,756.55
TBEA Co., Ltd.	222,051,127.46	233,457,651.33
TBEA Xinjiang Energy Co., Ltd. (特變電工新疆能源有限公司)	166,193,816.25	165,527,538.20
Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	148,443,666.17	18,183,347.94
TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司)	132,609,734.52	0.00
Xinjiang TBEA International Package Services Co., Ltd. (新疆特變電工國際成套工程承包有限公司)	108,572,513.20	112,996,745.17
TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司)	67,576,383.27	1,596,958.31
Xinjiang Joinworld Co., Ltd.	59,038,136.95	67,033,871.23
TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司)	47,658,743.38	55,120,045.16
TBEA (Deyang) Cable Co., Ltd. (特變電工(德陽)電纜股份有限公司)	36,823,902.56	2,298,743.23
TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司)	31,899,169.76	245,503,743.27
Shenyang TBEA Electrical Engineering Co., Ltd. (瀋陽特變電工電氣工程有限公司)	27,064,267.32	21,559,581.15
Tianjin TBEA Transformer Co., Ltd. (天津市特變電工變壓器有限公司)	24,610,265.47	2,734,513.27
Inner Mongolia TBEA Energy Equipment Co., Ltd. (內蒙古特變電工能源裝備有限公司)	19,616,637.17	0.00
Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司)	16,933,628.31	12,491,081.17
Xinjiang Tebian Group Logistics Co., Ltd. (新疆特變電工集團物流有限公司)	14,649,940.36	4,333,900.46
Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	13,621,091.55	23,044,072.36
TBEA Hunan Engineering Co., Ltd. (特變電工湖南工程有限公司)	12,361,387.42	2,233,986.11

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (II) Related-party transactions (Continued)

#### 1. Related-party transactions of purchase of goods and acceptance of services (Continued)

##### (1) Purchase of goods/acceptance of services (Continued)

Related party	Amount recognized in current year	Amount recognized in previous year
TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司)	5,000,000.00	0.00
TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司)	4,799,557.52	0.00
Xinjiang TBEA Electrical Industry Cultural Tourism Co., Ltd. (新疆特變電工工業文化旅遊有限責任公司)	4,554,131.14	2,517,117.70
Zhongsilu Design & Consulting Co., Ltd. (中絲路設計諮詢有限公司)	4,369,941.15	183,962.26
China General Certification Center	1,603,309.41	1,122,452.82
Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司)	1,346,178.76	0.00
TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	1,275,359.45	6,813,107.71
Beijing Ruifeng Advertising Media Co., Ltd. (北京瑞風廣告傳媒有限公司)	754,716.96	0.00
TBEA Shenyang Electric Power Survey & Design Co., Ltd. (特變電工瀋陽電力勘測設計有限公司)	425,660.38	67,075.47
TBEA Jing-Jin-Ji Intelligence Technology Co., Ltd. (特變電工京津冀智能科技有限公司)	348,672.57	0.00
Changji Hui Autonomous Prefecture TBEA Employee Training Center (昌吉回族自治州特變電工職業培訓中心)	243,550.26	401,762.88
TBEA Xinjiang Electrical Engineering Materials Co., Ltd. (特變電工新疆電工材料有限公司)	197,123.90	44,243.36
TBEA (Deyang) Electrical Engineering Co., Ltd. (特變電工(德陽)電力工程有限公司)	127,572.81	0.00
CSCEC Xinjiang Construction & Engineering (Group) Co., LTD	96,172.42	0.00
Delixi Xinjiang Transportation Group Co., LTD	14,300.00	34,450.00
Northwest Wire & Cable Testing Co., Ltd. (西北電線電纜檢測中心有限公司)	13,219.81	5,349.06
TBEA Shandong Shenbian Electrical Equipment Co., Ltd. (特變電工山東沈變電氣設備有限公司)	9,380.53	7,256,637.17

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (II) Related-party transactions (Continued)

#### 1. Related-party transactions of purchase of goods and acceptance of services (Continued)

##### (1) Purchase of goods/acceptance of services (Continued)

Related party	Amount recognized in current year	Amount recognized in previous year
Xinjiang TBEA Engineering Project Management Co., Ltd. (新疆特變電工工程項目管理有限公司)	1,943.40	523,156.48
TBEA Hunan International Logistics Technology Co., Ltd. (特變電工湖南國際物流科技有限公司)	0.00	49,723.37
TBEA Southwest Electrical Engineering Co., Ltd. (特變電工西南電氣工程有限公司)	0.00	5,891,455.75
Xinjiang TBEA Supply Chain Management Co., Ltd. (新疆特變電工供應鏈管理有限公司)	0.00	221,845.16
Xinjiang TBEA Health & Wellness Property Co., Ltd. (新疆特變電工康養置業有限公司)	0.00	8,320,657.61
Xinjiang Joinworld Jinyuan Magnesium Industry Co., Ltd. (新疆眾和金源鎂業有限公司)	0.00	162,502.43
Zhejiang Jingsheng Mechanical & Electrical Co., Ltd. (浙江晶盛機電股份有限公司)	0.00	12,802.85
Zhongjiang Logistics Fukang Co., Ltd. (中疆物流阜康有限公司)	0.00	939,135.29
Zhongjiang Logistics Co., Ltd. (中疆物流有限責任公司)	0.00	469,455.27
Xinjiang Tebian Group Co., Ltd. (新疆特變電工集團有限公司)	0.00	10,434.58
<b>Total</b>	<b>1,399,364,803.97</b>	<b>1,182,850,677.50</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (II) Related-party transactions (Continued)

#### 1. Related-party transactions of purchase of goods and acceptance of services (Continued)

##### (2) Sales of goods/provision of services

Related party	Amount recognized in current year	Amount recognized in previous year
Xi'an Xingwu Wind Power Co., Ltd. (西安興武風力發電有限公司)	203,162,934.73	0.00
Xi'an Wucheng New Energy Power Co., Ltd. (西安吳城新能源發電有限公司)	196,344,191.07	0.00
Xinjiang Joinworld Co., Ltd.	56,069,073.90	45,041,402.90
TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司)	16,914,150.50	33,637.17
CSCEC Xinjiang Construction & Engineering (Group) Co., LTD	15,524,764.13	6,796,644.72
Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司)	11,433,628.80	7,991,514.72
Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	10,862,543.46	175,277,971.25
Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司)	10,537,410.33	221,634,831.51
Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司)	9,263,958.79	163,843,974.66
Sichuan Ganzi Datang International New Energy Co., Ltd. (四川甘孜大唐國際新能源 有限責任公司)	6,863,314.49	6,736,248.16
Jeminay Xinte Wind Power Co., Ltd. (吉木乃新特風電有限公司)	6,465,482.20	6,465,482.21
TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有 限公司)	6,454,955.73	0.00
TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	5,011,681.39	744,923.72
Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司)	4,856,546.61	2,789,133.80
TBEA Co., Ltd.	3,071,887.39	2,848,308.49
Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	2,604,606.42	447,629.54
TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司)	2,322,212.38	0.00
Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	1,367,858.57	0.00
Xinjiang TBEA International Package Services Co., Ltd. (新疆特變電工國際成套 工程承包有限公司)	1,070,796.46	0.00

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (II) Related-party transactions (Continued)

#### 1. Related-party transactions of purchase of goods and acceptance of services (Continued)

##### (2) Sales of goods/provision of services (Continued)

Related party	Amount recognized in current year	Amount recognized in previous year
TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司)	1,044,247.78	0.00
Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司)	761,061.95	0.00
Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	525,974.63	282,743.12
Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司)	512,576.73	686,222.64
TBEA Technology Investment Co., Ltd. (特變電工科技投資有限公司)	466,037.74	0.00
China Energy Xinjiang Ganquanpu Integrated Energy Co., Ltd. (國能新疆甘泉堡綜合能源有限公司)	424,528.29	0.00
Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司)	391,021.60	0.00
TBEA Xinjiang Electrical Engineering Materials Co., Ltd. (特變電工新疆電工材料有限公司)	304,036.70	428,165.13
Xinjiang Changji TBEA Energy Co., Ltd. (新疆昌吉特變能源有限責任公司)	241,649.77	404,940.01
Xinjiang Tebian Group Co., Ltd. (新疆特變電工集團有限公司)	226,415.09	0.00
Shihezi Zhongjin Electrode Foil Co., Ltd. (石河子眾金電極箔有限公司)	160,067.25	172,646.56
Xinjiang Changte Power Transmission and Transformation Devices Co., Ltd. (新疆昌特輸變電配件有限公司)	102,635.53	0.00
Xinjiang Zhundong TBEA Energy Co., Ltd. (新疆准東特變能源有限責任公司)	35,377.36	152,358.49
Zhongjiang Logistics Co., Ltd. (中疆物流有限責任公司)	17,830.20	0.00
Xinjiang Tianchi Energy Sales Co., Ltd. (新疆天池能源銷售有限公司)	14,716.98	0.00
Leon Technology Co., Ltd.	0.00	153,773.59
Shenyang Hexin Pipes Co., Ltd. (瀋陽和新套管有限公司)	0.00	5,533.98



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (II) Related-party transactions (Continued)

#### 1. Related-party transactions of purchase of goods and acceptance of services (Continued)

##### (2) Sales of goods/provision of services (Continued)

Related party	Amount recognized in current year	Amount recognized in previous year
TBEA Kangjia (Shenyang) Transformer Co., Ltd. (特變電工康嘉(瀋陽)互感器有限責任公司)	0.00	30,805.83
TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司)	0.00	42,135.60
TBEA Shandong Shenbian Electrical Equipment Co., Ltd. (特變電工山東沈變電氣設備有限公司)	0.00	13,650.49
TBEA Shenyang Modern Logistics and International Trade Co., Ltd. (特變電工瀋陽現代物流國際貿易有限公司)	0.00	3,320.39
TBEA Smart Energy Co., Ltd. (特變電工智慧能源有限公司)	0.00	16,048.54
TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司)	0.00	88,644.03
TBEA Zhongfa Shanghai High-voltage Switch Co., Ltd. (特變電工中發上海高壓開關有限公司)	0.00	7,799,390.25
Tianjin TBEA Transformer Co., Ltd. (天津市特變電工變壓器有限公司)	0.00	98,761.05
Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恒潤金電力科技有限公司)	0.00	1,395,459.20
Total	575,430,174.95	652,426,301.75

#### 2. Related-party trusteeship/contracting and commissioned management/outsourcing: Nil.

#### 3. Related-party lease:

Nil.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (II) Related-party transactions (Continued)

#### 4. Related-party guarantee (Continued)

(1) As secured party

Guarantor	Secured party	Amount of guarantee	Inception date	Expiration date	Whether the performance is completed
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	100,000,000.00	2018-9-21	2027-9-20	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	200,000,000.00	2018-10-11	2027-9-20	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	150,000,000.00	2018-10-18	2027-9-20	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	150,000,000.00	2018-11-27	2027-9-20	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	100,000,000.00	2018-11-16	2027-9-20	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	400,000,000.00	2019-1-31	2025-12-13	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	1,000,000,000.00	2019-1-31	2025-12-13	No
TBEA Co., Ltd.	Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	700,000,000.00	2019-1-31	2025-12-13	No
TBEA Co., Ltd.	Xinte Energy Co., Ltd.	86,000,000.00	2019-5-28	2029-5-28	No
TBEA Co., Ltd.	Xinte Energy Co., Ltd.	600,000,000.00	2019-5-28	2029-5-28	No

5. Related-party borrowings: Nil.

6. Asset transfer and debt restructuring of related parties: Nil.

7. Remuneration of key management personnel

Item	2021	2020
Total remuneration	55,156,266.39	21,648,887.14

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (II) Related-party transactions (Continued)

#### 8. Bank deposits in TBEA Group Finance Co., Ltd.

Entity	Closing balance	Opening balance	Remark
Xinte Energy Co., Ltd.	<b>1,199,246,331.39</b>	1,205,155.86	
Xinjiang Xinte Energy Construction Material Co., Ltd. (新疆新特新能建材有限公司)	<b>9,015,863.63</b>	1,621,485.02	
Xinjiang Xinte Xinneng Materials Co., Ltd. (新疆新特新能材料檢測中心有限公司)	<b>23,530,716.07</b>	1,673,995.91	
Xinjiang Shahai Green Energy Services Co., Ltd. (新疆沙海綠色能源服務有限公司)	<b>7,169,568.53</b>	8,832,501.43	
Xinjiang Xinte Energy Logistic Co., Ltd. (新疆新特能源物流有限公司)	<b>32,601,912.08</b>	2,159,191.11	
Xinjiang Information Technology Co., Ltd. (新疆知信科技有限公司)	<b>3,566,860.02</b>	2,705,422.04	
Xinjiang Changhe Yangguang Property Services Co., Ltd. (新疆昌和陽光物業服務有限公司)	<b>2,547,232.37</b>	809,947.23	
Xinjiang Jingshuo New Material Co., Ltd. (新疆晶碩新材料有限公司)	<b>14,717,009.67</b>	1,263,817.86	
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	<b>75,745,568.56</b>	682,200.30	
Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司)	<b>188,866,535.36</b>	0.00	
Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司)	<b>46,774,218.57</b>	0.00	
TBEA Xi'an Electrical Technology Co., Ltd. (特變電工西安電氣科技有限公司)	<b>32,779,653.21</b>	47,732,910.09	
Hami Huafeng New Energy Power Generation Co., Ltd. (哈密華風新能源發電有限公司)	<b>30,338,397.78</b>	0.00	
Mulei Jiayu Fengsheng Power Co., Ltd. (木壘縣嘉裕風晟發電有限公司)	<b>29,275,931.36</b>	826,654.35	
Xi'an TBEA Electric Power Design Co., Ltd. (西安特變電工電力設計有限責任公司)	<b>28,766,166.19</b>	14,541,489.85	
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	<b>27,568,641.66</b>	5,524,666.66	

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (II) Related-party transactions (Continued)

#### 8. Bank deposits in TBEA Group Finance Co., Ltd. (Continued)

Entity	Closing balance	Opening balance	Remark
Zhoukou Yingfeng Power Co., Ltd. (周口市迎風發電有限公司)	16,301,734.67	0.00	
Chengde Guangsheng Energy Technology Co., Ltd. (承德光晟能源科技有限公司)	15,901,946.82	0.00	
Wujiaqu Xinte Power Co., Ltd. (五家渠新特電力有限公司)	15,497,173.62	7,399,268.29	
Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司)	15,289,027.06	0.00	
Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司)	10,601,966.08	0.00	
TBEA Xi'an Flexible Power Transmission & Distribution Co., Ltd. (特變電工西安柔性輸配電有限公司)	9,343,593.43	5,768,099.90	
Zhengxiangbaiqi Fengsheng Power Generation Co., Ltd. (正鑲白旗風盛發電有限公司)	8,935,813.27	706,530.43	
Shaanxi TBEA New Energy Co., Ltd. (陝西特變電工新能源有限公司)	8,022,596.14	1,503,364.50	
Urumqi Huaguang Guangsheng Power Technology Co., Ltd. (烏魯木齊華光光盛電力科技有限公司)	7,764,474.06	22,814.83	
Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新園新能源有限公司)	7,047,334.79	35,416.48	
TBEA Baotou Energy Co., Ltd. (特變電工包頭能源有限公司)	6,184,275.36	0.00	
Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司)	5,306,827.67	0.00	
Naimanqi Huite Photovoltaic Power Generation Co., Ltd. (奈曼旗匯特光伏發電有限責任公司)	3,943,532.26	0.00	
Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限責任公司)	2,953,699.61	0.00	
Luyi Fengyi Power Co., Ltd. (鹿邑縣風易發電有限公司)	2,887,470.86	0.00	

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (II) Related-party transactions (Continued)

#### 8. Bank deposits in TBEA Group Finance Co., Ltd. (Continued)

Entity	Closing balance	Opening balance	Remark
Ruicheng County Huiyuan Power Generation Co., Ltd. (芮城縣暉源發電有限責任公司)	2,498,087.83	0.00	
Urumqi Mingrui Guangsheng Power Co., Ltd. (烏魯木齊明瑞廣晟發電有限公司)	1,799,516.51	123,203.05	
TBEA South New Energy Technology Co., Ltd. (特變電工南方新能源科技有限公司)	1,302,260.50	0.00	
Urumqi Yufeng Power Generation Co., Ltd. (烏魯木齊裕風發電有限責任公司)	1,189,144.34	0.00	
Heze Mudan District Haofeng New Energy Co., Ltd. (菏澤市牡丹區浩風新能源有限公司)	1,176,111.24	0.00	
Ningxia Guangyu Technology Co., Ltd. (寧夏光煜科技有限公司)	1,080,852.77	0.00	
TBEA Inner Mongolia Energy Co., Ltd. (特變電工內蒙古能源有限公司)	1,051,338.44	4,472.06	
Xiangcheng Yuanhui Wind Power Co., Ltd. (項城市遠匯風電有限公司)	879,918.97	0.00	
Urumqi Kangyuan Guangsheng Power Technology Co., Ltd. (烏魯木齊康源光晟電力科技有限公司)	739,317.47	24,040.22	
TBEA Shanxi Energy Technology Co., Ltd. (特變電工山西能源科技有限公司)	647,843.96	0.00	
Zhengxiangbaiqi Huite PV Power Co., Ltd. (正鑲白旗匯特光伏發電有限公司)	343,355.45	0.00	
Xifeng Rongsheng Power New Energy Co., Ltd. (西豐縣榮晟電力新能源有限公司)	201,423.84	0.00	
Urumqi Mingyu Guangsheng Power Co., Ltd. (烏魯木齊明煜廣晟發電有限公司)	121,120.82	124,401.50	
Urumqi Huihuang Guangsheng Power Technology Co., Ltd. (烏魯木齊輝煌光晟電力科技有限公司)	84,959.62	85,463.38	
Urumqi Huiyuan Guangsheng Power Technology Co., Ltd. (烏魯木齊暉源光晟電力科技有限公司)	61,461.54	71,165.50	

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (II) Related-party transactions (Continued)

#### 8. Bank deposits in TBEA Group Finance Co., Ltd. (Continued)

Entity	Closing balance	Opening balance	Remark
Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司)	57,457.75	2,105,356.02	
Urumqi Jinyu Guangsheng Power Technology Co., Ltd. (烏魯木齊金煜光晟電力科技有限公司)	43,345.86	71,072.13	
Urumqi Jiayu Fengsheng Power Technology Co., Ltd. (烏魯木齊嘉裕風晟電力科技有限公司)	36,653.32	0.00	
Xi'an Purui Xinte Energy Co., Ltd. (西安普瑞新特能源有限公司)	26,046.83	7,103.79	
Xinjiang Xinte Photovoltaic Energy Technology Co., Ltd. (新疆新特光伏能源科技有限公司)	23,491.56	0.00	
Urumqi Huihe Guangsheng Power Technology Co., Ltd. (烏魯木齊暉禾光晟電力科技有限公司)	21,741.37	23,891.13	
TBEA Hami Photovoltaic Technology Co., Ltd. (特變電工哈密光伏科技有限公司)	6,625.71	0.00	
Urumqi Yuanhe Guangrui Power Technology Co., Ltd. (烏魯木齊源禾光瑞電力科技有限公司)	726.62	1,018.21	
Urumqi Huahui Guangsheng Power Co., Ltd. (烏魯木齊華暉廣晟發電有限公司)	626.52	0.00	
Urumqi Jiarui Fengsheng Power Technology Co., Ltd. (烏魯木齊嘉瑞風晟電力科技有限公司)	228.90	0.00	
Urumqi Huacan Wind Power Co., Ltd. (烏魯木齊華燦風力發電有限責任公司)	0.01	0.00	
Urumqi Xinhe Guangsheng Power Technology Co., Ltd. (烏魯木齊鑫禾光晟電力科技有限公司)	0.00	172,489.13	
Urumqi Huayu Guangsheng Power Technology Co., Ltd. (烏魯木齊華煜光晟電力科技有限公司)	0.00	70,019.35	Transferred in 2021
<b>Total</b>	<b>1,901,885,729.90</b>	107,898,627.61	

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (III) Balance of transactions with related parties

#### 1. Receivables

Item	Related party	Closing balance	Opening balance
Contract assets	Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司)	70,601,258.41	55,547,815.08
Contract assets	Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	66,185,255.21	88,360,031.12
Contract assets	Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司)	30,872,421.60	34,633,838.81
Contract assets	Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司)	14,920,500.00	14,957,136.75
Contract assets	TBEA Co., Ltd.	121,500.00	121,500.00
Contract assets	Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司)	86,000.00	0.00
Contract assets	TBEA Zhongfa Shanghai High-voltage Switch Co., Ltd. (特變電工中發上海高壓開關有限公司)	0.00	870,000.00
Contract assets	Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	0.00	1,343,818.12
Other non-current assets	TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司)	59,426,349.96	0.00
Other non-current assets	TBEA Co., Ltd.	23,023,629.95	0.00
Other non-current assets	Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	11,879,786.80	0.00
Other non-current assets	TBEA Shandong Shenbian Electrical Equipment Co., Ltd. (特變電工山東沈變電氣設備有限公司)	1,315,623.90	0.00
Other non-current assets	TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司)	460,176.99	0.00
Other non-current assets	Xinjiang TBEA International Package Services Co., Ltd. (新疆特變電工國際成套工程承包有限公司)	0.00	6,767,660.55
Other receivables	Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司)	14,828,472.83	20,402,461.83
Other receivables	TBEA Co., Ltd.	7,027,940.41	14,838,020.91
Other receivables	Shishou Shouyi New Energy Co., Ltd. (石首市首義新能源有限公司)	3,000,000.00	0.00

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (III) Balance of transactions with related parties (Continued)

#### 1. Receivables (Continued)

Item	Related party	Closing balance	Opening balance
Other receivables	Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恆潤金電力科技有限公司)	1,623,000.00	1,623,000.00
Other receivables	Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	7,546.00	1,327,546.00
Other receivables	Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	3,500.00	9,092,146.76
Other receivables	Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司)	3,492.28	3,492.28
Other receivables	Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司)	0.00	1,443,278.08
Other receivables	Xinjiang TBEA Health & Wellness Property Co., Ltd. (新疆特變電工康養置業有限公司)	0.00	41,125.13
Other receivables	Xinjiang Joinworld Co., Ltd.	0.00	80,494.46
Dividends receivable	Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司)	20,908,906.98	20,908,906.98
Dividends receivable	Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公司)	17,657,748.51	0.00
Dividends receivable	Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	10,874,696.71	10,874,696.71
Dividends receivable	Sichuan Ganzi Datang International New Energy Co., Ltd. (四川甘孜大唐國際新能源有限責任公司)	7,559,818.83	8,700,709.88
Dividends receivable	Wujiaqu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司)	5,698,292.32	0.00
Dividends receivable	Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	905,417.52	0.00
Accounts receivable	Xinjiang Joinworld Co., Ltd.	10,657,659.43	2,846,195.36
Accounts receivable	Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司)	9,139,646.76	0.00
Accounts receivable	Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司)	6,086,610.41	798,279.27
Accounts receivable	Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	5,219,891.97	30,083,981.12
Accounts receivable	Wuling Jiangyong Power Co., Ltd. (五淩江永電力有限公司)	5,065,300.00	45,979,149.90



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (III) Balance of transactions with related parties (Continued)

#### 1. Receivables (Continued)

Item	Related party	Closing balance	Opening balance
Accounts receivable	Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恆潤金電力科技有限公司)	2,160,000.00	2,160,000.00
Accounts receivable	TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	1,698,960.00	0.00
Accounts receivable	TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司)	1,180,000.00	0.00
Accounts receivable	TBEA Co., Ltd.	691,500.00	1,714,500.00
Accounts receivable	Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司)	580,074.74	552,796.00
Accounts receivable	Xinjiang Zhudong TBEA Energy Co., Ltd. (新疆准東特變能源有限責任公司)	270,117.91	0.00
Accounts receivable	Xinjiang Tebian Group Co., Ltd. (新疆特變電工集團有限公司)	240,000.00	0.00
Accounts receivable	Xinjiang Changji TBEA Energy Co., Ltd. (新疆昌吉特變能源有限責任公司)	119,907.71	0.00
Accounts receivable	Shihezi Zhongjin Electrode Foil Co., Ltd. (石河子眾金電極箔有限公司)	109,152.00	150,723.20
Accounts receivable	Xinjiang Changte Power Transmission and Transformation Devices Co., Ltd. (新疆昌特輸變電配件有限公司)	40,390.00	0.00
Accounts receivable	Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	2,610.00	201,200.00
Accounts receivable	TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司)	0.00	237,010.00
Accounts receivable	TBEA Zhongfa Shanghai High-voltage Switch Co., Ltd. (特變電工中發上海高壓開關有限公司)	0.00	3,480,000.00
Prepayments	Inner Mongolia TBEA Energy Equipment Co., Ltd. (內蒙古特變電工能源裝備有限公司)	6,636,960.00	0.00
Prepayments	Xinjiang Tebian Group Logistics Co., Ltd. (新疆特變電工集團物流有限公司)	4,680,000.00	576,017.90
Prepayments	TBEA Co., Ltd.	3,319,560.00	16,639,535.09
Prepayments	TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司)	1,785,000.00	0.00



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (III) Balance of transactions with related parties (Continued)

#### 1. Receivables (Continued)

Item	Related party	Closing balance	Opening balance
Prepayments	TBEA Shandong Shenbian Electrical Equipment Co., Ltd. (特變電工山東沈變電氣設備有限公司)	1,410,000.00	0.00
Prepayments	TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	1,140,000.00	0.00
Prepayments	Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	651,449.11	0.00
Prepayments	TBEA Technology Investment Co., Ltd. (特變電工科技投資有限公司)	407,321.00	0.00
Prepayments	TBEA (Deyang) Electrical Engineering Co., Ltd. (特變電工(德陽)電力工程有限公司)	88,105.33	0.00
Prepayments	Xinjiang TBEA Electrical Industry Cultural Tourism Co., Ltd. (新疆特變電工工業文化旅遊有限責任公司)	56,364.00	47,038.00
Prepayments	TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司)	48,000.00	0.00
Prepayments	TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司)	41,145.00	0.00
Prepayments	Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	0.00	4,308,000.00
Total		432,517,060.58	401,712,105.29

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (III) Balance of transactions with related parties (Continued)

#### 2. Payables

Item	Related party	Closing balance	Opening balance
Short-term borrowings	TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司)	980,000,000.00	50,000,000.00
Long-term borrowings	TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司)	120,000,000.00	120,000,000.00
Contract liabilities	TBEA Co., Ltd.	601,769.71	241,307.01
Contract liabilities	Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司)	550,791.06	4,811,316.37
Contract liabilities	Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司)	478,672.57	0.00
Contract liabilities	Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司)	454,667.66	173,599.59
Contract liabilities	TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司)	207,795.69	207,795.69
Contract liabilities	Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	7,951.86	6,703.29
Contract liabilities	Xinjiang Joinworld Co., Ltd.	0.00	3,396.99
Contract liabilities	TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	0.00	5,893.00
Contract liabilities	Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	0.00	1,367,858.57
Other current liabilities	Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司)	464,185.81	464,185.81
Other current liabilities	TBEA Co., Ltd.	78,230.29	29,303.72
Other current liabilities	Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司)	62,227.43	0.00
Other current liabilities	Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司)	40,920.09	15,623.96
Other current liabilities	Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	1,033.74	871.43
Other current liabilities	Xinjiang Joinworld Co., Ltd.	0.00	441.61
Other payables	TBEA India Energy Private Limited Company (特變電工印度能源印度私人有限公司)	4,308,534.33	0.00
Other payables	TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司)	254,243.12	0.00
Other payables	Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司)	244,161.92	1,687,440.00
Other payables	Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司)	33,054.10	33,054.10
Other payables	TBEA Co., Ltd.	0.00	518,886.17

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (III) Balance of transactions with related parties (Continued)

#### 2. Payables (Continued)

Item	Related party	Closing balance	Opening balance
Dividends payable	TBEA Co., Ltd.	0.00	164,623,470.27
Accounts payable	Sanyang Silu (Khorgas) Factoring Co., Ltd. (三陽絲路(霍爾果斯)商業保理有限公司)	105,965,122.62	440,894.29
Accounts payable	Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司)	34,050,576.49	17,355,911.70
Accounts payable	Xinjiang TBEA International Package Services Co., Ltd. (新疆特變電工國際成套工程承包有限公司)	33,472,554.09	18,509,777.18
Accounts payable	Xinjiang Tianchi Energy Sales Co., Ltd. (新疆天池能源銷售有限公司)	27,607,360.63	10,984,438.04
Accounts payable	TBEA Xinjiang Energy Co., Ltd. (特變電工新疆能源有限公司)	15,751,926.61	2,143,902.87
Accounts payable	Inner Mongolia TBEA Energy Equipment Co., Ltd. (內蒙古特變電工能源裝備有限公司)	7,987,876.33	0.00
Accounts payable	Shenyang TBEA Electrical Engineering Co., Ltd. (瀋陽特變電工電氣工程有限公司)	7,981,046.69	8,278,586.68
Accounts payable	Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司)	7,332,965.49	9,511,900.00
Accounts payable	Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司)	7,127,545.24	0.00
Accounts payable	Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司)	5,631,443.43	8,674,181.42
Accounts payable	Xinjiang Joinworld Co., Ltd.	5,088,910.20	8,805,866.56
Accounts payable	TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司)	2,570,168.00	5,277,600.00
Accounts payable	TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司)	2,541,220.66	36,169,800.61
Accounts payable	TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司)	1,901,993.62	1,336,993.62
Accounts payable	Zhongjiang Logistics Co., Ltd. (中疆物流有限責任公司)	1,500,000.00	1,500,000.00
Accounts payable	TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司)	822,450.00	0.00
Accounts payable	TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司)	639,367.09	3,639,430.44
Accounts payable	Xinjiang Changte Power Transmission and Transformation Devices Co., Ltd. (新疆昌特輸變電配件有限公司)	617,904.46	617,904.46
Accounts payable	TBEA (Deyang) Cable Co., Ltd. (特變電工(德陽)電纜股份有限公司)	416,375.20	0.00

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (III) Balance of transactions with related parties (Continued)

#### 2. Payables (Continued)

Item	Related party	Closing balance	Opening balance
Accounts payable	TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司)	351,022.84	0.00
Accounts payable	TBEA Jing-Jin-Ji Intelligence Technology Co., Ltd. (特變電工京津冀智能科技有限公司)	348,672.57	0.00
Accounts payable	TBEA Co., Ltd.	305,721.99	4,920,982.60
Accounts payable	Changji Hui Autonomous Prefecture TBEA Employee Training Center (昌吉回族自治州特變電工職業培訓中心)	245,323.50	245,323.50
Accounts payable	China General Certification Center	231,200.00	178,600.00
Accounts payable	Tianjin TBEA Transformer Co., Ltd. (天津市特變電工變壓器有限公司)	188,547.01	2,223,215.28
Accounts payable	Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司)	87,979.95	0.00
Accounts payable	Xinjiang Tebian Group Logistics Co., Ltd. (新疆特變電工集團物流有限公司)	82,044.55	0.00
Accounts payable	Xinjiang Joinworld Jinyuan Magnesium Industry Co., Ltd. (新疆眾和金源鎂業有限公司)	76,261.06	76,327.43
Accounts payable	TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司)	41,145.00	0.00
Accounts payable	TBEA Co., Ltd. Import & Export Co. (特變電工股份有限公司進出口公司)	18,562.37	18,562.37
Accounts payable	Zhejiang Jingsheng Mechanical & Electrical Co., Ltd. (浙江晶盛機電股份有限公司)	540.00	540.00
Accounts payable	TBEA Nanjing Intelligent Electrical Power and Equipment Co., Ltd. (特變電工南京智能電氣有限公司)	0.00	330,000.00
Accounts payable	TBEA Shandong Shenbian Electrical Equipment Co., Ltd. (特變電工山東沈變電氣設備有限公司)	0.00	1,292,500.00
Accounts payable	TBEA Southwest Electrical Engineering Co., Ltd. (特變電工西南電氣工程有限公司)	0.00	2,603,750.00
Accounts payable	TBEA Xinjiang Electrical Engineering Materials Co., Ltd. (特變電工新疆電工材料有限公司)	0.00	44,243.36
Accounts payable	Xinjiang TBEA Electrical Industry Cultural Tourism Co., Ltd. (新疆特變電工工業文化旅遊有限責任公司)	0.00	13,251.60
Total		1,378,772,067.07	489,385,631.59

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (IV) Related-party commitment

Nil.

### (V) Remuneration of Directors, Supervisors and employees

#### 1. Details of remuneration of Directors and Supervisors

Items	Salaries and allowances	Social insurance, provident funds and housing	Bonus	Share-based payment	Total
<b>Amount recognized in current year</b>					
<i>Executive Directors:</i>					
Zhang Jianxin	1,419,000.00	123,444.64	6,820,225.00	432,000.00	8,794,669.64
Yin Bo	1,189,606.40	86,363.96	8,319,325.00	432,000.00	10,027,295.36
Xia Jinjing	678,719.63	77,341.72	4,199,446.66	168,000.00	5,123,508.01
<i>Non-executive Directors:</i>					
Zhang Xin	0.00	0.00	0.00	0.00	0.00
Huang Hanjie	0.00	0.00	0.00	0.00	0.00
Guo Junxiang	0.00	0.00	0.00	0.00	0.00
Wong, Yui Keung Marcellus	60,000.00	0.00	0.00	0.00	60,000.00
Yang Deren	60,000.00	0.00	0.00	0.00	60,000.00
Qin Haiyan	60,000.00	0.00	0.00	0.00	60,000.00
Cui Xiang	60,000.00	0.00	0.00	0.00	60,000.00
Chen Weiping	60,000.00	0.00	0.00	0.00	60,000.00
Tam, Kwok Ming Banny	60,000.00	0.00	0.00	0.00	60,000.00
<i>Supervisors:</i>					
Chen Qijun	0.00	0.00	0.00	0.00	0.00
Han Shu	0.00	0.00	0.00	0.00	0.00
Hu Shujun	0.00	0.00	0.00	0.00	0.00
Cao Huan	260,918.32	88,794.96	746,234.59	48,000.00	1,143,947.87
Guo Hao	267,944.00	14,322.00	263,338.00	36,000.00	581,604.00
Ma Junhua	2,312,756.00	86,402.00	7,984,500.00	144,000.00	10,527,658.00
<b>Total</b>	<b>6,488,944.35</b>	<b>476,669.28</b>	<b>28,333,069.25</b>	<b>1,260,000.00</b>	<b>36,558,682.88</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (V) Remuneration of Directors, Supervisors and employees (Continued)

#### 1. Details of remuneration of Directors and Supervisors (Continued)

Items	Salaries and allowances	Social insurance, housing provident funds and pensions	Bonus	Share-based payment	Total
<b>Amount recognized in previous year</b>					
<i>Executive Directors:</i>					
Zhang Jianxin	997,334.00	70,500.63	1,597,938.00	504,000.00	3,169,772.63
Yin Bo	1,239,484.28	51,504.25	2,439,851.00	504,000.00	4,234,839.53
Xia Jinjing	554,575.92	51,504.25	1,016,857.80	196,000.00	1,818,937.97
<i>Non-executive Directors:</i>					
Zhang Xin	0.00	0.00	0.00	0.00	0.00
Guo Junxiang	0.00	0.00	0.00	0.00	0.00
Wong, Yui Keung Marcellus	120,000.00	0.00	0.00	0.00	120,000.00
Yang Deren	120,000.00	0.00	0.00	0.00	120,000.00
Qin Haiyan	120,000.00	0.00	0.00	0.00	120,000.00
<i>Supervisors:</i>					
Chen Qijun	0.00	0.00	0.00	0.00	0.00
Han Shu	0.00	0.00	0.00	0.00	0.00
Hu Shujun	0.00	0.00	0.00	0.00	0.00
Cao Huan	69,979.63	47,664.25	137,474.28	56,000.00	311,118.16
Ma Junhua	930,000.00	65,446.49	2,274,644.75	168,000.00	3,438,091.24
<b>Total</b>	<b>4,151,373.83</b>	<b>286,619.87</b>	<b>7,466,765.83</b>	<b>1,428,000.00</b>	<b>13,332,759.53</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (V) Remuneration of Directors, Supervisors and employees (Continued)

#### 2. Five highest paid individuals

Three of the five highest paid individuals of the current year are Directors (previous year: three), whose remunerations are reflected in Note XI. (V). 1 Details of remuneration of Directors and Supervisors. The remuneration of other two individuals (previous year: two) are set out below:

Items	Amount recognized in current year	Amount recognized in previous year
Salaries and allowances	2,928,650.10	1,399,719.97
Social insurance, housing provident funds and relevant pensions	175,196.96	116,950.74
Bonus	12,077,014.48	4,039,222.27
Share-based payment	300,000.00	350,000.00
<b>Total</b>	<b>15,480,861.54</b>	5,905,892.98

Remuneration range:

Items	Number in current year	Number in previous year
HK\$2,500,001 to HK\$3,000,000	—	1
HK\$4,000,001 to HK\$4,500,000	—	1
HK\$6,000,001 to HK\$6,500,000	1	—
HK\$12,500,001 to HK\$13,000,000	1	—
<b>Total</b>	<b>2</b>	2

3. During the track record period, no Director has waived or agreed to waive any remuneration. During the track record period, no remuneration was paid by the Company to any Directors, Supervisors or the five highest paid individuals as inducements to join or upon joining the Company or as compensation for loss of office.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XI. Related Parties and Related-party Transactions (Continued)

### (V) Remuneration of Directors, Supervisors and employees (Continued)

#### 4. Compensation of key management

Compensation of key management (including amounts paid to Directors, Supervisors and senior management) are as follows:

Items	Amount recognized in current year	Amount recognized in previous year
Salaries and allowances	9,264,243.64	6,335,973.21
Social insurance, housing provident funds and relevant pensions	995,666.68	605,140.38
Bonus	42,892,356.07	12,411,773.55
Share-based payment	2,004,000.00	2,296,000.00
<b>Total</b>	<b>55,156,266.39</b>	21,648,887.14

### (VI) Borrowings due from Directors/associated enterprises of Directors

Nil.

## XII. Share-based payment

In 2021, the Company recognized cumulative share-based payment expenses of RMB44,521,086.80 under the share incentive plan implemented by TBEA Co., Ltd. participated by certain employees, which was included in the corresponding costs and capital reserve, of which RMB11,590,408.83 was included in capital reserve for the year.

## XIII. Contingencies

1. Contingent liabilities arising from pending lawsuits or arbitration: Nil.
2. Contingent liabilities arising from provision of guarantees: Nil.
3. Other contingent liabilities: Nil.
4. As at 31 December 2021, the Group had no other significant contingencies.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XIV. Commitments

### 1. Significant commitments

- (1) The Group's issued but outstanding letter of credit are for procurement of equipment. As at 31 December 2021, the principals of the letter of credit totaled RMB301,686,935.00, with maturity within 2022 at the latest.
- (2) As at 31 December 2021, the Group's guarantees for contingent liabilities in the form of letter of guarantee were equivalent to RMB1,592,335,891.19 at the benchmark exchange rate at the end of the year, with maturity in 2026 at the latest.

### 2. Information of mortgaged assets

Entity mortgaging assets	Mortgagee	Category of mortgaged assets	Appraised asset value/Original book value	Project of mortgage/guarantee
Xinte Energy Co., Ltd.	Industrial Bank Urumqi Branch	Machinery and equipment of the 180,000-ton-per-anuum Deep Cold Hydrogenation and Recycling of Silicon Tetrachloride and High-purity Polysilicon Transformation and Upgrading Project	706,605,468.88	180,000-ton-per-anuum Deep Cold Hydrogenation and Recycling of Silicon Tetrachloride and High-purity Polysilicon Transformation and Upgrading Project (18萬噸/年四氯化硅深化冷氫化循環利用及高純晶體硅轉型升級技術改造項目)
Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司)	China Development Bank Xinjiang Branch	Fixed assets and land use rights after the completion of TBEA Guyang Xingshunxi Wind Power Plant Phase I 100MW Wind Power Project and fixed assets and land use rights after the completion of TBEA Guyang Xingshunxi PV Power Plant 20MW Integrated Wind Power and PV Power Plant PV Power Generation Project	677,396,362.79	TBEA Guyang Xingshunxi Wind Power Plant Phase I 100MW Wind Power Project (特變電工固陽興順西風電場一期100MW風電工程項目) and TBEA Guyang Xingshunxi PV Power Plant 20MW Integrated Wind Power and PV Power Plant PV Power Generation Project (特變電工固陽興順西光伏電場20MW風光同場太陽能光伏發電工程項目)
Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司)	China Development Bank Xinjiang Branch	Lands, buildings, machinery and equipment of Xinjiang Hami Wind Power Base Phase II Jingxia No. 6 Wind Power Plant Block B 200MW Project	1,368,047,981.10	Xinjiang Hami Wind Power Base Phase II Jingxia No. 6 Wind Power Plant Block B 200MW Project (新疆哈密風電基地二期項目景峽第六風電場B區200MW項目建設)
Zhengxiangbaiqi Fengsheng Power Generation Co., Ltd. (正鑛白旗風盛發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Fengsheng Zhengxiangbaiqi Ultra-high Voltage 275,000kW Wind Power Plant Project and fixed assets after the completion of Fengsheng Zhengxiangbaiqi Ultra-high Voltage 200,000kW Wind Power Plant Project	2,628,854,243.73	Fengsheng Zhengxiangbaiqi Ultra-high Voltage 275,000kW Wind Power Plant Project under the Poverty Alleviation Program (風盛正鑛白旗特高壓外送27.5萬千瓦風電場扶貧開發建設項目) and Fengsheng Zhengxiangbaiqi Ultra-high Voltage 200,000kW Wind Power Plant Project under the Poverty Alleviation Program (風盛正鑛白旗特高壓外送20萬千瓦風電場扶貧開發建設項目)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XIV. Commitments (Continued)

### 2. Information of mortgaged assets (Continued)

Entity mortgaging assets	Mortgagee	Category of mortgaged assets	Appraised asset value/Original book value	Project of mortgage/guarantee
Ruicheng County Huiyuan Power Generation Co., Ltd. (芮城縣輝源發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Shanxi Ruicheng PV Leading Technology Base Xiyao 50MW PV Power Project	296,364,682.61	Shanxi Ruicheng PV Leading Technology Base Xiyao 50MW PV Power Project (山西芮城光伏领跑技術基地西堯50MW光伏發電項目)
Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Shanxi Yangquan Deep Mining Area National Leading PV Power Demonstration Project	650,033,538.29	Shanxi Yangquan Deep Mining Area National Leading PV Power Demonstration Project (山西陽泉市采煤深陷區國家先進技術光伏發電示範基地項目)
Hami Huafeng New Energy Power Generation Co., Ltd. (哈密華風新能源發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Hami Southeast Shankou TBEA 150MWp PV Power Project	861,958,784.80	Hami Southeast Shankou TBEA 150MWp PV Power Project (哈密東南部山口特變電工150MWp光伏發電項目)
Heqing Huiheng Power Generation Co., Ltd. (鶴慶匯能發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Shanxi Ruicheng PV Leading Technology Base Xiyao 50MW PV Power Project	159,124,441.66	Shanxi Ruicheng PV Leading Technology Base Xiyao 50MW PV Power Project (山西芮城光伏领跑技術基地西堯50MW光伏發電項目)
Chongren County Huafeng Power Generation Co., Ltd. (崇仁縣華風發電有限公司)	Agricultural Bank of China Chongren Sub-branch	Equipment and lands after the completion of Chongren Xiangshan Phase I 50MW Wind Power Project	486,000,000.00	Chongren Xiangshan Phase I 50MW Wind Power Project (崇仁縣相山鎮一期50MW風力發電項目)
Naimanqi Huite Photovoltaic Power Generation Co., Ltd. (奈曼旗匯特光伏發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Huite Naimanqi 30MWp PV On-grid Power Project	192,097,791.73	Huite Naimanqi 30MWp PV On-grid Power Project (匯特奈曼旗30MWp光伏併網發電項目)
Yun County Huiheng Power Co., Ltd. (雲縣匯能發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Yunxian Ganlongtan On-grid PV Power Plant	156,866,784.98	Yunxian Ganlongtan On-grid PV Power Plant (雲縣干龍潭併網光伏電站項目)
Mulei County Xinte Huiheng Power Generation Co., Ltd. (木里縣新特匯能發電有限公司)	Agricultural Development Bank of China Mulei Sub-branch	Fixed assets after the completion of Mulei Laojunmiao 100MW Wind Power Project	651,211,400.35	Mulei Laojunmiao 100MW Wind Power Project (木里老君廟100MW風力發電項目)
Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. (圖木舒克東潤環能光伏發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. No. 3 Division Jiashi Plant Phase I 20MWp On-grid PV Power Plant	125,718,277.08	Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. No. 3 Division Jiashi Plant Phase I 20MWp On-grid PV Power Plant (圖木舒克東潤環能光伏發電有限公司第三師伽師總場一期20MWp併網光伏電站項目)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XIV. Commitments (Continued)

### 2. Information of mortgaged assets (Continued)

Entity mortgaging assets	Mortgagee	Category of mortgaged assets	Appraised asset value/Original book value	Project of mortgage/guarantee
Mulei Jiayu Fengsheng Power Co., Ltd. (木壘縣嘉裕風晟發電有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of TBEA Mulei Dashitou 200MW Wind Power Project	1,281,355,602.40	TBEA Mulei Dashitou 200MW Wind Power Project (特變電工木壘大石頭200MW風力發電項目)
Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Baotou Guangyi Solar Power Co., Ltd. Shiguai District Leader No. 1 100MWp PV Project	577,471,755.65	Baotou Guangyi Solar Power Co., Ltd. Shiguai District Leader No. 1 100MWp PV Project (包頭市光羿太陽能發電有限責任公司石拐區領跑者1號100MWp光伏項目)
Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司)	Agricultural Bank of China Burqin Sub-branch	Fixed assets after the completion of Xinjiang Zhundong Base TBEA Burqin 150MW Wind Power Plant	1,188,000,000.00	Xinjiang Zhundong Base TBEA Burqin 150MW Wind Power Plant (新疆准東基地特變電工布爾津縣150MW風電場)
Heze Mudan District Haofeng New Energy Co., Ltd. (菏澤市牡丹區浩風新能源有限公司)	SPD Bank Heze Branch	Fixed assets of Haofeng New Energy Mudan District Wanghao Village 50MW Wind Power Project	328,540,927.00	Haofeng New Energy Mudan District Wanghao Village 50MW Wind Power Project (浩風新能源牡丹區王浩屯50MW風電項目)
Luyi Fengyi Power Co., Ltd. (鹿邑縣風易發電有限公司)	SPD Bank Xuchang Branch	Fixed assets after the completion of Luyi Mudan 20MW Distributed Project	151,800,000.00	Luyi Mudan 20MW Distributed Project (鹿邑穆店20MW分散式項目)
Zaozhuang Yizhiguang New Energy Co., Ltd. (棗莊嶧之光新能源有限公司)	Bank of Communications Xinjiang Branch	Fixed assets after the completion of Zaozhuang Yicheng Gypsum Mine Subsidence Area 150MW Fishery-PV Complement PV Power Project	219,940,380.84	Zaozhuang Yicheng Gypsum Mine Subsidence Area 150MW Fishery-PV Complement PV Power Project (棗莊市嶧城區石膏礦場陷區150MW漁光互補光伏發電項目)
Hami Zhenchao Wind Power Co., Ltd. (哈密市振超風力發電有限公司)	Bank of China Hami Branch	Fixed assets after the completion of Luotuoquanzi 15MW Distributed Wind Power Project	78,535,916.32	Luotuoquanzi 15MW Distributed Wind Power Project (駱駝圈子15MW分散式風電項目)
Huocheng Guangsheng PV Power Co., Ltd. (霍城縣光晟光伏發電有限公司)	China Construction Bank Changji Branch	Fixed assets after the completion of Huocheng 50MW PV Power Project	262,742,053.74	Huocheng 50MW PV Power Project (霍城50MW光伏發電項目)
Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新圓新能源有限公司)	China Development Bank Xinjiang Branch	Fixed assets after the completion of Xinyuan Zhengxiangbaiqi Ultra-high Voltage 200,000kW Wind Power Plant	1,237,859,931.47	Xinyuan Zhengxiangbaiqi Ultra-high Voltage 200,000kW Wind Power Plant under the Poverty Alleviation Program (新圓正鑲白旗特高壓外送20萬千瓦風電場扶貧開發建設項目)
Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司)	ABC Financial Leasing Co., Ltd.	Wind power generating units and towers of Zhongmin Wind Power Mulei Dashitou 200MW Wind Power Project	1,456,642,931.34	Zhongmin (Mulei) Wind Power Co., Ltd. Mulei Dashitou 200MW Wind Power Project (中閩(木壘)風電有限公司木壘大石頭200MW風力發電項目)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XIV. Commitments (Continued)

### 3. Information of pledged assets

Entity pledging assets	Pledgee	Category of pledged assets	Appraised asset value/Original book value	Project of pledge/guarantee
Xinte (Tianjin) Financial Leasing Co., Ltd. (新特(天津)融資租賃有限責任公司)	Bank of China Tianjin Hedong Sub-branch	Accounts receivable of Sihuai Region 50MW Agriculture-PV Complement On-grid Power Project	389,936,583.73	Sihuai Region 50MW Agriculture-PV Complement On-grid Power Project (四塊片區50MW農光互補併網發電項目)
Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project and the right to tariff after the completion and all revenue under the project	243,366,525.31	TBEA Guyang Xingshunxi Wind Power Plant Phase I 100MW Wind Power Project (特變電工固陽興順西風電場一期100MW風電工程項目) and TBEA Guyang Xingshunxi PV Power Plant 20MW Integrated Wind Power and PV Power Plant PV Power Generation Project (特變電工固陽興順西光伏電場20MW風光同場太陽能光伏發電工程項目)
Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	454,216,659.50	Xinjiang Hami Wind Power Base Phase II Jingxia No. 6 Wind Power Plant Block B 200MW Project (新疆哈密風電基地二期項目景峽第六風電場B區200MW項目建設)
Zhengxiangbaiqi Fengsheng Power Generation Co., Ltd. (正鑲白旗風盛發電有限公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project and the right to tariff after the completion and all revenue under the project	168,175,072.44	Fengsheng Zhengxiangbaiqi Ultra-high Voltage 275,000kW Wind Power Plant Project under the Poverty Alleviation Program (風盛正鑲白旗特高壓外送27.5萬千瓦風電場扶貧開發建設項目) and Fengsheng Zhengxiangbaiqi Ultra-high Voltage 200,000kW Wind Power Plant Project under the Poverty Alleviation Program (風盛正鑲白旗特高壓外送20萬千瓦風電場扶貧開發建設項目)
Ruicheng County Huiyuan Power Generation Co., Ltd. (芮城縣輝源發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	63,703,716.71	Shanxi Ruicheng PV Leading Technology Base Xiyao 50MW PV Power Project (新晉山西芮城光伏领跑技術基地西堯50MW光伏發電項目)
Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	213,758,329.89	Shanxi Yangquan Deep Mining Area National Leading PV Power Demonstration Project (山西陽泉市採煤深陷區國家先進技術光伏發電示範基地項目)
Hami Huafeng New Energy Power Generation Co., Ltd. (哈密華風新能源發電有限公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	593,377,129.02	Hami Southeast Shankou TBEA 150MWp PV Power Project (哈密東南部山口特變電工150MWp光伏發電項目)
Heqing Huiheng Power Generation Co., Ltd. (鶴慶匯能發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	68,526,527.43	Shanxi Ruicheng PV Leading Technology Base Xiyao 50MW PV Power Project (山西芮城光伏领跑技術基地西堯50MW光伏發電項目)
Chongren County Huafeng Power Generation Co., Ltd. (崇仁縣華風發電有限公司)	Agricultural Bank of China Chongren Sub-branch	The right to tariff after the completion and all revenue under the project	792,800,000.00	Chongren Xiangshan Phase I 50MW Wind Power Project (崇仁縣相山鎮一期50MW風力發電項目)
Naimanqi Huite Photovoltaic Power Generation Co., Ltd. (奈曼旗匯特光伏發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	101,248,416.60	Huite Naimanqi 30MWp PV On-grid Power Project (匯特奈曼旗30MWp光伏併網發電項目)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XIV. Commitments (Continued)

### 3. Information of pledged assets (Continued)

Entity pledging assets	Pledgee	Category of pledged assets	Appraised asset value/Original book value	Project of pledge/guarantee
Yun County Huineng Power Co., Ltd. (雲縣匯能發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	83,719,914.36	Yunxian Ganlongtan On-grid PV Power Plant (雲縣幹龍潭併網光伏電站項目)
Mulei County Xinte Huineng Power Generation Co., Ltd. (木壘縣新特匯能發電有限責任公司)	Agricultural Development Bank of China Mulei Sub-branch	The right to tariff after the completion and all revenue under the project	1,543,500,000.00	Mulei Laojunmiao 100MW Wind Power Project (木壘老君廟100MW風力發電項目)
Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. (圖木舒克東潤環能光伏發電有限公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	59,521,742.42	Tumu Shuke Dongrun Huanneng PV Power Generation Co., Ltd. No. 3 Division Jiashi Plant Phase I 20MWp On-grid PV Power Plant (圖木舒克東潤環能光伏發電有限公司第三師加師總場一期20MWp併網光伏電站項目)
Mulei Jiayu Fengsheng Power Co., Ltd. (木壘縣嘉裕風晟發電有限公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	58,211,610.06	TBEA Mulei Dashitou 200MW Wind Power Project (特變電工木壘大石頭200MW風力發電項目)
Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	71,054,043.22	Baotou Guangyi Solar Power Co., Ltd. Shiguai District Leader No. 1 100MWp PV Project (包頭市光羿太陽能發電有限公司石拐區領跑者1號100MWp光伏項目)
Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司)	Agricultural Bank of China Burqin Sub-branch	The right to tariff after the completion and all revenue under the project	1,400,000,000.00	Xinjiang Zhundong Base TBEA Burqin 150MW Wind Power Plant (新疆准東基地特變電工布爾津縣150MW風電場)
Heze Mudan District Haofeng New Energy Co., Ltd. (菏澤市牡丹區浩風新能源有限公司)	SPD Bank Heze Branch	The right to tariff after the completion and all revenue under the project	26,543,690.07	Haofeng New Energy Mudan District Wanghao Village 50MW Wind Power Project (浩風新能源牡丹區王浩屯50MW風電項目)
Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新圓新能源有限公司)	China Development Bank Xinjiang Branch	The right to tariff after the completion and all revenue under the project	61,935,210.84	Xinyuan Zhengxiangbaiqi Ultra-high Voltage 200,000kW Wind Power Plant under the Poverty Alleviation Program (新圓正鑲白旗特高壓外送20萬千瓦風電場扶貧開放建設項目)
Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司)	ABC Financial Leasing Co., Ltd.	The right to tariff after the completion and all revenue under the project	88,135,228.65	Zhongmin (Mulei) Wind Power Co., Ltd. Mulei Dashitou 200MW Wind Power Project (中閩(木壘)風電有限公司木壘大石頭200MW風力發電項目)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XV. Events after the Balance Sheet Date

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

On 15 March 2022, the Board considered and approved resolutions in relation to the Company's proposed initial public offering and listing of not exceeding 300,000,000 A Shares on the main board of the Shanghai Stock Exchange (the "**Proposed A Share Offering**") and related matters. The proceeds to be raised from the Proposed A Share Offering will be used to invest in the construction of the 200,000-ton-per-annum high-end electronic-grade polysilicon green low-carbon circular economy construction project in the Changji Zhundong Economic and Technological Development Zone in Xinjiang (the "**200,000-ton Polysilicon Project in Zhundong**"). The total investment of the 200,000-ton Polysilicon Project in Zhundong is RMB17.6 billion, of which RMB8.8 billion will be funded through the capital injection by the proceeds to be raised from the Proposed A Share Offering and internal fundings, and the remainder will be settled through bank loans and other methods.

### (II) Employee Share Ownership Scheme

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

### (III) Dividends

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

## XVI. Other Significant Matters

### 1. Segment information

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XVI. Other Significant Matters (Continued)

### 1. Segment information (Continued)

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

2021

Items	Polysilicon	Construction of wind power and PV power plants	Operation of wind power and PV power plants	Others	Inter-segment elimination	Total
<b>I. Segment revenue and results</b>						
1. Operating revenue	11,593,354,256.00	9,731,399,903.87	1,874,070,370.14	2,491,684,719.16	-3,167,469,306.52	22,523,039,942.65
Including: Revenue from external transactions	11,575,636,767.66	7,761,437,141.60	1,873,544,983.78	1,312,421,049.61	0.00	22,523,039,942.65
Revenue from inter-segment transactions	17,717,488.34	1,969,962,762.27	525,386.36	1,179,263,669.55	-3,167,469,306.52	0.00
2. Operating cost	4,853,319,838.85	8,661,323,263.43	586,267,043.00	1,953,153,415.02	-2,822,719,799.00	13,231,343,761.30
3. Gross profit for the segment	6,790,355,076.05	1,026,746,575.84	1,286,466,423.50	188,128,105.96	0.00	9,291,696,181.35
4. Investment revenue of associates and joint ventures	0.00	58,083,839.06	0.00	0.00	0.00	58,083,839.06
5. Impairment loss of credit	-28,855,345.26	-84,046,626.95	-42,821,495.70	-11,139,878.06	36,740,615.54	-130,122,730.43
6. Impairment loss of assets	-381,056,804.35	-111,387,911.30	0.00	-69,888,165.13	0.00	-562,332,880.78
7. Depreciation and amortization expenses	906,640,717.66	25,708,123.26	528,632,003.65	100,109,469.37	-31,277,564.98	1,529,812,748.96
8. Total profit	5,940,836,165.04	359,153,771.03	811,527,767.26	-308,667,396.04	-484,504,386.46	6,318,345,920.83
9. Income tax expenses	829,747,962.37	73,447,644.44	15,972,861.18	14,681,169.19	485,259.45	934,334,896.63
10. Net profit	5,111,088,202.67	285,706,126.59	795,554,906.08	-323,348,565.23	-484,989,645.91	5,384,011,024.20
<b>II. Total assets</b>	<b>31,208,606,465.46</b>	<b>20,439,747,056.74</b>	<b>19,902,869,388.38</b>	<b>4,738,358,823.57</b>	<b>-18,090,708,588.75</b>	<b>58,198,873,145.40</b>
1. Long-term equity investments (investments in associates and joint ventures)	0.00	437,492,843.11	0.00	0.00	0.00	437,492,843.11
2. Increase in non-current assets (other than long-term equity investments)	4,202,116,812.75	-220,025,278.79	684,706,177.93	-9,125,866.15	625,143,113.38	5,282,814,959.12
<b>III. Total liabilities</b>	<b>11,854,906,372.74</b>	<b>11,526,474,170.22</b>	<b>14,319,563,948.05</b>	<b>2,860,744,669.10</b>	<b>-5,751,455,615.60</b>	<b>34,810,233,544.51</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XVI. Other Significant Matters (Continued)

### 1. Segment information (Continued)

2020

Items	Polysilicon	Construction of wind power and PV power plants	Operation of wind power and PV power plants	Others	Inter-segment elimination	Total
<b>I. Segment revenue and results</b>						
1. Operating revenue	4,472,466,187.42	14,492,653,166.32	887,878,897.25	2,694,987,396.33	-8,365,701,104.61	14,182,284,542.71
Including: Revenue from external transactions	4,472,466,187.42	7,384,063,271.28	887,323,890.01	1,438,431,194.00	0.00	14,182,284,542.71
Revenue from inter-segment transactions	0.00	7,108,589,895.04	555,007.24	1,256,556,202.33	-8,365,701,104.61	0.00
2. Operating cost	3,798,956,520.95	13,312,851,163.06	315,644,125.88	2,230,029,332.87	-7,912,711,025.63	11,744,770,117.13
3. Gross profit for the segment	761,590,327.01	920,010,710.50	542,167,261.02	213,746,127.05	0.00	2,437,514,425.58
4. Investment revenue of associates and joint ventures	0.00	19,777,652.61	0.00	0.00	0.00	19,777,652.61
5. Impairment loss of credit	2,363,935.50	-175,455,410.01	-111,759,335.90	-68,802,287.96	112,777,784.09	-240,875,314.28
6. Impairment loss of assets	-4,556,839.51	-133,979,638.15	0.00	1,011,328.06	-4,539,729.07	-142,064,878.67
7. Depreciation and amortization expenses	795,999,785.17	40,302,215.15	239,827,148.47	81,773,526.36	-28,718,177.47	1,129,184,497.68
8. Total profit	555,929,836.89	329,958,933.97	184,975,957.34	-125,773,885.30	-52,769,180.25	892,321,662.65
9. Income tax expenses	-17,373,715.29	111,129,934.59	7,597,071.71	-5,186,286.17	-32,057,393.20	64,109,611.64
10. Net profit	573,303,552.18	218,828,999.38	177,378,885.63	-120,587,599.13	-20,711,787.05	828,212,051.01
<b>II. Total assets</b>						
1. Long-term equity investments (investments in associates and joint ventures)	0.00	323,435,980.37	0.00	0.00	0.00	323,435,980.37
2. Increase in non-current assets (other than long-term equity investments)	-293,662,260.92	282,320,116.11	6,903,014,452.01	-651,026,561.93	-1,692,589,797.50	4,548,055,947.77
<b>III. Total liabilities</b>						
	8,752,446,745.89	12,927,739,889.36	14,152,924,969.56	2,735,578,158.67	-7,755,413,058.92	30,813,276,704.56



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XVII. Notes to Key Items of Financial Statements of the Parent Company

### 1. Accounts receivable

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

Category	Book balance		Closing balance		Carrying amount
	Amount	Percentage (%)	Provision for bad debts		
			Amount	Provision percentage (%)	
Bad debt provision made on individual basis	0.00	0.00	0.00	0.00	0.00
Bad debt provision made on a collective basis	490,506,212.84	100.00	18,595,406.51	3.79	471,910,806.33
Including: Portfolio of aging	490,506,212.84	100.00	18,595,406.51	3.79	471,910,806.33
Portfolio of electricity and subsidies	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>490,506,212.84</b>	<b>100.00</b>	<b>18,595,406.51</b>	<b>—</b>	<b>471,910,806.33</b>

Category	Book balance		Opening balance		Carrying amount
	Amount	Percentage (%)	Provision for bad debts		
			Amount	Provision percentage (%)	
Bad debt provision made on individual basis	0.00	0.00	0.00	0.00	0.00
Bad debt provision made on a collective basis	348,551,349.52	100.00	8,388,684.75	2.41	340,162,664.77
Including: Portfolio of aging	348,551,349.52	100.00	8,388,684.75	2.41	340,162,664.77
Portfolio of electricity and subsidies	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>348,551,349.52</b>	<b>100.00</b>	<b>8,388,684.75</b>	<b>—</b>	<b>340,162,664.77</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

### 1. Accounts receivable (Continued)

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

- 1) *The current year records no accounts receivable for which bad debt provision are made on individual basis.*
- 2) *Bad debt provision made on accounts receivable on collective basis*

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Provision percentage (%)
Within 1 year (inclusive)	329,547,066.87	6,590,941.34	2.00
1 year to 2 years (inclusive)	135,518,869.87	6,775,943.49	5.00
2 years to 3 years (inclusive)	24,035,611.49	4,807,122.30	20.00
3 years to 4 years (inclusive)	1,404,664.61	421,399.38	30.00
4 years to 5 years (inclusive)	0.00	0.00	50.00
Over 5 years	0.00	0.00	100.00
<b>Total</b>	<b>490,506,212.84</b>	<b>18,595,406.51</b>	<b>—</b>

Aging	Opening balance		
	Accounts receivable	Bad debt provision	Provision percentage (%)
Within 1 year (inclusive)	314,213,707.06	6,284,274.14	2.00
1 year to 2 years (inclusive)	31,754,119.19	1,587,705.96	5.00
2 years to 3 years (inclusive)	2,583,523.27	516,704.65	20.00
3 years to 4 years (inclusive)	0.00	0.00	30.00
4 years to 5 years (inclusive)	0.00	0.00	50.00
Over 5 years	0.00	0.00	100.00
<b>Total</b>	<b>348,551,349.52</b>	<b>8,388,684.75</b>	<b>—</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

### 1. Accounts receivable (Continued)

#### (2) Accounts receivable by aging based on recording dates

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	<b>329,547,066.87</b>	314,213,707.06
1 year to 2 years (inclusive)	<b>135,518,869.87</b>	31,754,119.19
2 years to 3 years (inclusive)	<b>24,035,611.49</b>	2,583,523.27
3 years to 4 years (inclusive)	<b>1,404,664.61</b>	0.00
4 years to 5 years (inclusive)	<b>0.00</b>	0.00
Over 5 years	<b>0.00</b>	0.00
<b>Total</b>	<b>490,506,212.84</b>	348,551,349.52

#### (3) Bad debt provision for accounts receivable in the current year

Category	Opening balance	Accrued	Changes of the current year		Others	Closing balance
			Recovered or reversed	Carry-forward or written off		
Bad debt provision made on accounts receivable	8,388,684.75	10,206,721.76	0.00	0.00	0.00	<b>18,595,406.51</b>
<b>Total</b>	8,388,684.75	10,206,721.76	0.00	0.00	0.00	<b>18,595,406.51</b>

#### (4) Accounts receivable written off in the current year

Nil.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

### 2. Other receivables

Items	Closing balance	Opening balance
Interests receivable	0.00	0.00
Dividends receivable	430,988,436.89	0.00
Other receivables	663,849,694.54	465,520,174.76
<b>Total</b>	<b>1,094,838,131.43</b>	465,520,174.76

#### 2.1 Dividends receivable

(1) Dividends receivable by category

Item	Closing balance	Opening balance
TBEA Xinjiang Sunoasis Co., Ltd.	430,988,436.89	0.00

(2) Significant dividends receivable with aging of over 1 year

Nil.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

### 2. Other receivables (Continued)

#### 2.2 Other receivables

##### (1) Other receivables by nature

Nature	Book balance at the end of the year	Book balance at the beginning of the year
Advances	7,947,157.76	17,238,834.93
Deposits	50,000.00	2,552,967.87
Principals and interests of borrowings	538,035.44	0.00
Related-party transactions	669,479,553.01	455,680,001.07
Daily cash advances	2,499,611.71	2,339,769.27
Others	116,139.39	176,716.25
<b>Total</b>	<b>680,630,497.31</b>	<b>477,988,289.39</b>

##### (1) Bad debt provision made on other receivables

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Opening balance	0.00	12,468,114.63	0.00	12,468,114.63
Book balance of other receivables at the beginning of the year	0.00	0.00	0.00	0.00
— Transferred to Stage 2	0.00	0.00	0.00	0.00
— Transferred to Stage 3	0.00	0.00	0.00	0.00
— Reversed to Stage 2	0.00	0.00	0.00	0.00
— Reversed to Stage 1	0.00	0.00	0.00	0.00
Accrued in current year	0.00	4,312,688.14	0.00	4,312,688.14
Reversed in current year	0.00	0.00	0.00	0.00
Carry-forward in current year	0.00	0.00	0.00	0.00
Written off in current year	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
<b>Closing balance</b>	<b>0.00</b>	<b>16,780,802.77</b>	<b>0.00</b>	<b>16,780,802.77</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

### 2. Other receivables (Continued)

#### 2.2 Other receivables (Continued)

(2) Other receivables by aging

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	<b>575,024,069.74</b>	469,287,109.30
1 year to 2 years (inclusive)	<b>105,606,427.57</b>	6,544.84
2 years to 3 years (inclusive)	<b>0.00</b>	5,040,000.00
3 years to 4 years (inclusive)	<b>0.00</b>	0.00
4 years to 5 years (inclusive)	<b>0.00</b>	3,161,180.09
Over 5 years	<b>0.00</b>	493,455.16
<b>Total</b>	<b>680,630,497.31</b>	477,988,289.39

(3) Bad debt provision for other receivables

Category	Opening balance	Changes of the current year			Closing balance
		Accrued	Recovered or reversed	Carry-forward or written off	
Bad debt provision made on other receivables	12,468,114.63	4,312,688.14	0.00	0.00	<b>16,780,802.77</b>
<b>Total</b>	12,468,114.63	4,312,688.14	0.00	0.00	<b>16,780,802.77</b>

(4) Other receivables written off in the current year

Nil.

(5) Receivables related to government grants

Nil.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

### 2. Other receivables (Continued)

#### 2.2 Other receivables (Continued)

(6) Other receivables derecognized due to transfer of financial assets

Nil.

(7) Assets and liabilities arising from transfer of other receivables with continuing involvement

Nil.

### 3. Long-term equity investments

#### (1) Long-term equity investments by category

Items	Book balance	Closing balance Provision for impairment	Carrying amount
Investments in subsidiaries	9,189,474,219.63	0.00	9,189,474,219.63
Investments in associates	0.00	0.00	0.00
<b>Total</b>	<b>9,189,474,219.63</b>	<b>0.00</b>	<b>9,189,474,219.63</b>

Items	Book balance	Opening balance Provision for impairment	Carrying amount
Investments in subsidiaries	6,025,997,886.26	0.00	6,025,997,886.26
Investments in associates	0.00	0.00	0.00
<b>Total</b>	<b>6,025,997,886.26</b>	<b>0.00</b>	<b>6,025,997,886.26</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

### 3. Long-term equity investments (Continued)

#### (2) Investments in subsidiaries

Investee	Opening balance	Increase in current year	Decrease in current year	Closing balance	Provision for impairment accrued in current year	Balance of provision for impairment at the end of the year
TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司)	3,943,731,685.30	293,476,333.37	0.00	4,237,208,018.67	0.00	0.00
Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司)	0.00	2,870,000,000.00	0.00	2,870,000,000.00	0.00	0.00
Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司)	1,605,859,840.64	0.00	0.00	1,605,859,840.64	0.00	0.00
Xinjiang Jingshuo New Material Co., Ltd. (新疆晶碩新材料有限公司)	20,000,000.00	0.00	0.00	20,000,000.00	0.00	0.00
Xinjiang Xinte Energy Construction Material Co., Ltd. (新疆新特新能建材有限公司)	45,000,000.00	0.00	0.00	45,000,000.00	0.00	0.00
Xinjiang Xinte Xinneng Materials Co., Ltd. (新疆新特新能材料檢測中心有限公司)	53,277,015.32	0.00	0.00	53,277,015.32	0.00	0.00
Xinjiang Xinte Energy Construction Service Co., Ltd. (新疆新特能源工程服務有限公司)	5,000,000.00	0.00	0.00	5,000,000.00	0.00	0.00
Xinjiang Xinte Energy Logistic Co., Ltd. (新疆新特能源物流有限公司)	5,000,000.00	0.00	0.00	5,000,000.00	0.00	0.00
Xinte Europe Technology Limited (新特歐洲科技有限公司)	4,376,295.00	0.00	0.00	4,376,295.00	0.00	0.00
Xinte PV North America Technology LLC (新特光伏北美科技有限責任公司)	6,553,050.00	0.00	0.00	6,553,050.00	0.00	0.00
Xinjiang Information Technology Co., Ltd. (新疆知信科技有限公司)	37,200,000.00	0.00	0.00	37,200,000.00	0.00	0.00
Urumqi Strategic Emerging Industry Xinte Energy Leading Fund (LLP) (烏魯木齊戰略性新興產業新特能源引導基金(有限合夥))	300,000,000.00	0.00	0.00	300,000,000.00	0.00	0.00
<b>Total</b>	<b>6,025,997,886.26</b>	<b>3,163,476,333.37</b>	<b>0.00</b>	<b>9,189,474,219.63</b>	<b>0.00</b>	<b>0.00</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

### 3. Long-term equity investments (Continued)

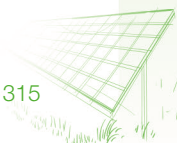
#### (2) Investments in subsidiaries (Continued)

Note: Reasons for change in 2021:

- ① According to the resolution of the fourth extraordinary board meeting of 2021 on 29 April 2021, the resolution of the fifth extraordinary board meeting of 2021 on 14 May 2021, the resolutions of the second extraordinary general meeting of 2021, the first class meeting for holders of H shares of 2021 and the first class meeting for holders of domestic shares of 2021 held on 28 June 2021, the Company's plan of non-public issuance of domestic shares was approved; RMB2,000,000,000 of proceeds from the issuance will be used in the 100,000-ton-per-annum high-purity polysilicon green energy circular economy construction project; the remaining proceeds of RMB293,000,000 will be injected by the Company to the subsidiary TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) as capital increase to replenish the working capital for wind power and PV power development. After the capital increase, the Company's equity interest in TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) will change from 70.48% to 71.57%.
- ② In February 2021, the Company established Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司) ("Inner Mongolia Xinte") with the registered capital of RMB60,000,000. In July 2021, with the approval of the first extraordinary shareholders' meeting of Inner Mongolia Xinte in 2021, Shangrao Jinko Energy Industry Development Co., Ltd. (上饒市晶科能源產業發展有限公司) and JA Solar Technology Co., Ltd. (晶澳太陽能科技股份有限公司) became shareholders of Inner Mongolia Xinte, and agreed to inject capital to Inner Mongolia Xinte together with the Company, increasing the registered capital of Inner Mongolia Xinte from RMB60,000,000 to RMB3,500,000,000. After the capital injection, the Company held 82.00% equity interest in Inner Mongolia Xinte.

#### (3) Investments in associates and joint ventures

Nil.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

### 4. Operating revenue, operating cost

#### (1) Basic information of operating revenue and operating cost

Items	Amount recognized in current year	
	Revenue	Cost
Main businesses	10,869,880,713.67	8,338,909,520.65
Other businesses	1,567,183,866.54	1,590,707,692.83
<b>Total</b>	<b>12,437,064,580.21</b>	<b>9,929,617,213.48</b>

Items	Amount recognized in previous year	
	Revenue	Cost
Main businesses	5,069,985,357.80	4,866,493,734.85
Other businesses	767,419,972.21	735,991,361.23
<b>Total</b>	<b>5,837,405,330.01</b>	<b>5,602,485,096.08</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## XVII. Notes to Key Items of Financial Statements of the Parent Company (Continued)

### 4. Operating revenue, operating cost (Continued)

#### (2) By business segment

Items	Amount recognized in current year	
	Revenue from main businesses	Cost of main businesses
Polysilicon	10,125,816,626.06	7,603,572,411.91
Others	744,064,087.61	735,337,108.74
<b>Total</b>	<b>10,869,880,713.67</b>	<b>8,338,909,520.65</b>

Items	Amount recognized in previous year	
	Revenue from main business	Cost of main business
Polysilicon	4,378,536,665.72	4,245,988,684.38
Others	691,448,692.08	620,505,050.47
<b>Total</b>	<b>5,069,985,357.80</b>	<b>4,866,493,734.85</b>

### 5. Investment income

Item	Amount recognized in current year	Amount recognized in previous year
Income from long-term equity investments under the cost method	498,011,796.89	318,447,403.46

### 6. Others

Nil.

## XVIII. Approval of the Financial Report

The financial report has been approved by the Company on 25 March 2022.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## Supplementary Information to Financial Statements

### 1. Breakdown of non-recurring profit or loss in the current year

Items	Amount in current year	Explanation
Gains and losses from disposal of non-current assets	-1,366,630.28	
Tax refunds and relief of ultra vires or without formal approval or incidental tax refunds or relief	0.00	
Government grants included in the profit or loss for the period (except for the government grants closely related to the corporate businesses and granted at a fixed amount or quantity in accordance with national uniform standards)	71,545,979.92	
Funds utilization fees collected from non-financial enterprises included in the profit or loss for the period	1,553,283.31	
Gains from the excess of the fair value of identifiable net assets of the investee attributable to the enterprise at acquisition over the investment costs for the subsidiaries, associates and joint ventures	0.00	
Gains and losses from the exchange of non-monetary assets	0.00	
Gains and losses from investments on trust or asset management	0.00	
Provision for impairment of assets as a result of force majeure factors, such as natural disasters	0.00	
Gains and losses from debt restructuring	-1,926,000.00	
Costs for enterprise reorganization, such as the expenses for the placement of workers, and integration cost	0.00	
Gains and losses from the excess of transaction without fair transaction price over the fair value	0.00	
Net gains or losses for the period of subsidiaries arising from business merger involving enterprises under common control from the beginning of the year to the date of combination	0.00	
Gains and losses arising from contingent matters not related to the normal operation of the Company	0.00	

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## Supplementary Information to Financial Statements (Continued)

### 1. Breakdown of non-recurring profit or loss in the current year (Continued)

Items	Amount in current year	Explanation
Investment income derived from the holding of financial assets held for trading and derivative financial assets, gains and losses arising from changes in fair value of financial liabilities held for trading and derivative financial liabilities and disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments (excluding the effective hedging activities related to the normal operation of the Company)	14,649,575.39	
Reversal of impairment provision of receivables and contract assets tested on individual basis	0.00	
Gains and losses from external entrusted loan	0.00	
Gains and losses from the changes in fair value of investment properties measured by fair value model subsequently	0.00	
Effect of one-off adjustment in profit or loss for the period according to the laws and regulations regarding taxation and accounting	0.00	
Entrust fee income from entrusted operation	0.00	
Other non-operating income and expenditures apart from the above	17,830,413.16	
Other items of profit or loss meeting the definition of non-recurring profit or loss	5,686,408.13	
Sub-total	107,973,029.63	
Less: Effect of income tax	9,449,360.56	
Effect of non-controlling interest (after tax)	3,861,023.00	
<b>Total</b>	<b>94,662,646.07</b>	<b>—</b>

- (1) Explanation of the Company for “Other items of profit or loss meeting the definition of non-recurring profit or loss” and defining items of non-recurring profit or loss as items of recurrent profit or loss according to the nature and characteristics of its normal operation

Nil.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

## Supplementary Information to Financial Statements (Continued)

### 2. Return on net assets and earning per share

Profit during the Reporting Period	Earnings per share (RMB/share)		
	Return on net assets on weighted average basis (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to the ordinary shareholders of the parent company	32.2912	3.9243	3.9243
Net profit attributable to ordinary shareholders of the parent company after deduction of non-recurring profit or loss	31.6743	3.8493	3.8493

### 3. Differences between financial statements prepared in accordance with domestic and overseas accounting standards

(1) Differences between net profit and net assets in the financial statements disclosed under the international accounting standards and under the PRC GAAP

Nil.

(2) Differences between net profit and net assets in the financial statements disclosed under the accounting standards applied by overseas regions and under the PRC GAAP

Nil.

### 4. Others

Nil.





**新特能源股份有限公司**  
**Xinte Energy Co., Ltd.**