

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)

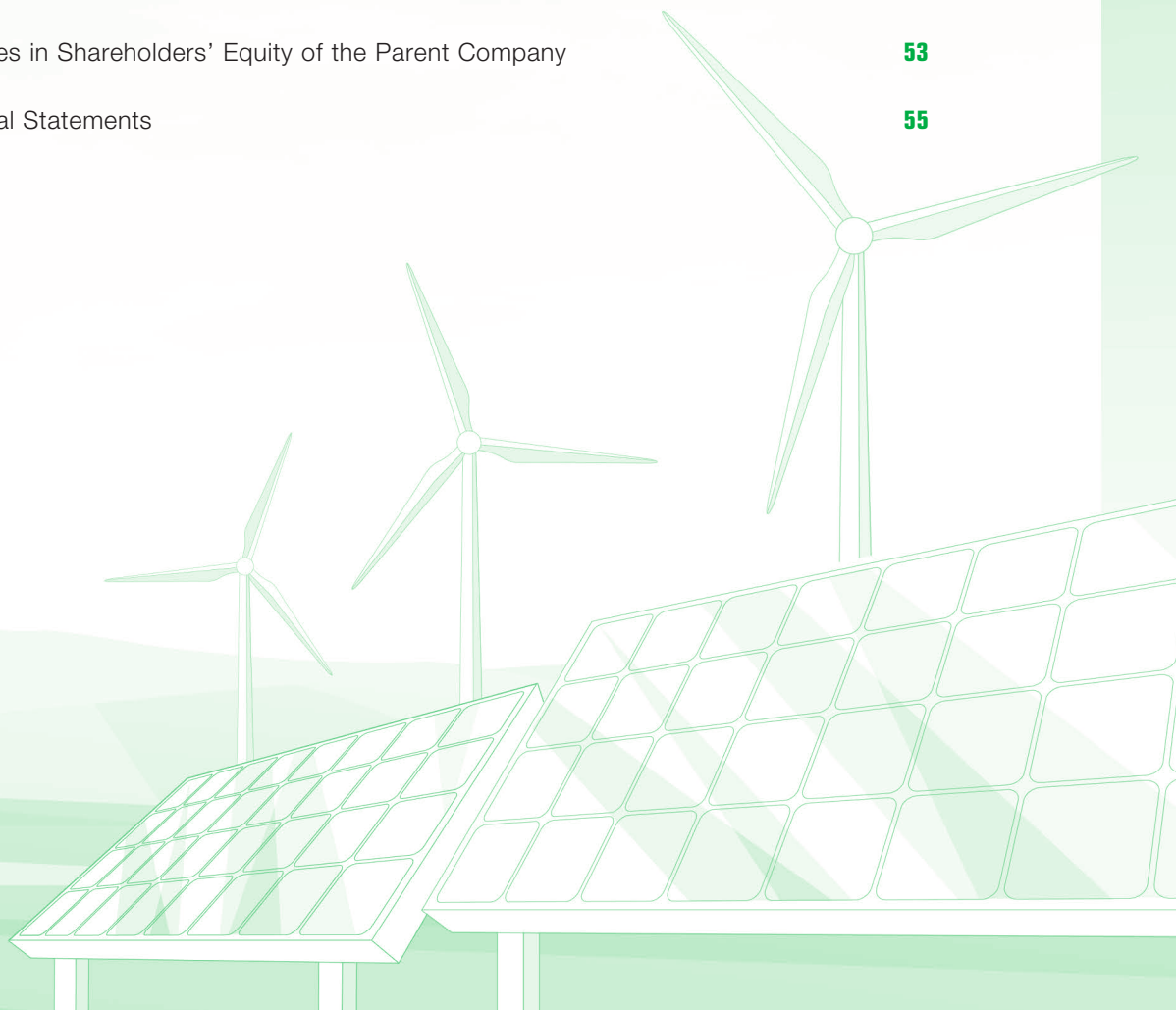
Stock code : 1799

INTERIM REPORT
2022



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Corporate Profile

DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

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

SUPERVISORS

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION AND ASSESSMENT COMMITTEE

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

STRATEGY COMMITTEE

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

JOINT COMPANY SECRETARIES

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

AUTHORIZED REPRESENTATIVES

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

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

AUDITOR

SHINEWING Certified Public Accountants LLP

Certified Public Accountants

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

LEGAL ADVISERS

As to PRC law

Xinjiang Tianyang Law Firm

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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

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H SHARES REGISTRAR

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STOCK CODE

1799

COMPANY WEBSITE

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INVESTOR COMMUNICATIONS

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Definitions

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

| | |
|--|---|
| “100,000-ton Polysilicon Project in Inner Mongolia” | the 100,000-ton-per-annum high-purity polysilicon green energy circular economy construction project in Tumed Right Banner, Baotou City, Inner Mongolia Autonomous Region, the PRC |
| “200,000-ton Polysilicon Project in Zhundong” | the 200,000-ton-per-annum high-end electronic-grade polysilicon green low-carbon circular economy construction project in the Changji Zhundong Industrial Park in Xinjiang Uygur Autonomous Region, the PRC |
| “2022 Employee Share Ownership Scheme” | the 2022 employee share ownership scheme of the Company |
| “Shareholding Platforms of the 2022 Employee Share Ownership Scheme” | the 11 limited partnerships established by the participants of the 2022 Employee Share Ownership Scheme to hold the Domestic Shares |
| “30%-controlled company” | has the meaning as ascribed to it under the Listing Rules |
| “Audit Committee” | the audit committee of the Board |
| “Board” | the board of directors of the Company |
| “CASBE” | the China Accounting Standards for Business Enterprises as promulgated by the MOF |
| “China” or “PRC” | the People’s Republic of China, excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “Company” or “Xinte Energy” | Xinte Energy Co., Ltd. (新特能源股份有限公司), a company incorporated in the PRC with limited liability on 20 February 2008, which was converted into a joint stock limited liability company on 16 October 2012, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1799) |
| “Connected Person(s)” | has the meaning as ascribed to it under the Listing Rules |
| “Connected Transaction(s)” | has the meaning as ascribed to it under the Listing Rules |
| “Controlling Shareholder(s)” | has the meaning as ascribed to it under the Listing Rules |
| “CSRC” | China Securities Regulatory Commission |

| | |
|---------------------------|---|
| “DC” | direct current (the unidirectional flow of electric charge) |
| “Director(s)” | a director (or all directors) of the Company |
| “Domestic Share(s)” | ordinary share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi |
| “Group”, “we” or “us” | 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 incorporated in the PRC with limited liability 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” | 20 September 2022, being the latest practicable date prior to the printing of this report for ascertaining certain information contained herein |
| “Listing” | listing of the H Shares on the Main Board of the Stock Exchange |

Definitions

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|------------------------|---|
| “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 |
| “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” | the 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 |
| “PV” | photovoltaic |
| “R&D” | research and development |
| “Reporting Period” | the six months ended 30 June 2022 |
| “RMB” or “Renminbi” | Renminbi, the lawful currency of the PRC |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| “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) |

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|-------------------|---|
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “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 (all supervisors) 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 holds 64.52% equity interest in the Company, and is our Controlling Shareholder |
| “Xinjiang Tebian” | Xinjiang Tebian Group Co., Ltd. (新疆特變電工集團有限公司), a company incorporated in the PRC with limited liability on 27 January 2003, holding 6.07% equity interest in the 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, who is a connected person of the Company by virtue of his position as a Director |
| “Xinte Biantong” | Tianjin Xinte Biantong Enterprise Management Partnership (Limited Partnership)* (天津新特變通企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the 2022 Employee Share Ownership Scheme |
| “Xinte Chengli” | Tianjin Xinte Chengli Enterprise Management Partnership (Limited Partnership)* (天津新特誠立企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the 2022 Employee Share Ownership Scheme |
| “Xinte Chengxin” | Tianjin Xinte Chengxin Enterprise Management Partnership (Limited Partnership)* (天津新特誠信企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the 2022 Employee Share Ownership Scheme |

Definitions

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| “Xinte Green Energy” | Tianjin Xinte Green Energy Enterprise Management Partnership (Limited Partnership)* (天津新特綠能企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the 2022 Employee Share Ownership Scheme |
| “Xinte Dingxin” | Tianjin Xinte Dingxin Enterprise Management Partnership (Limited Partnership)* (天津新特鼎信企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the 2022 Employee Share Ownership Scheme |
| “Xinte Hexing” | Tianjin Xinte Hexing Enterprise Management Partnership (Limited Partnership)* (天津新特和興企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the 2022 Employee Share Ownership Scheme |
| “Xinte Innovation” | Tianjin Xinte Innovation Enterprise Management Partnership (Limited Partnership)* (天津新特創新企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the 2022 Employee Share Ownership Scheme |
| “Xinte Jianming” | Tianjin Xinte Jianming Enterprise Management Partnership (Limited Partnership)* (天津新特簡明企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the 2022 Employee Share Ownership Scheme |
| “Xinte Kangrong” | Tianjin Xinte Kangrong Enterprise Management Partnership (Limited Partnership)* (天津新特康榮企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the 2022 Employee Share Ownership Scheme |
| “Xinte Tongxin” | Tianjin Xinte Tongxin Enterprise Management Partnership (Limited Partnership)* (天津新特同心企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the 2022 Employee Share Ownership Scheme |
| “Xinte Zhuocheng” | Tianjin Xinte Zhuocheng Enterprise Management Partnership (Limited Partnership)* (天津新特卓誠企業管理合夥企業(有限合夥)), one of the Shareholding Platforms of the 2022 Employee Share Ownership Scheme |

“%”

per cent

* for identification purpose only

Management Discussion and Analysis

I. REVIEW OF INDUSTRY DEVELOPMENT STATUS

With transformation of the global energy structure and continuous deepening of the “carbon emissions peaking and carbon neutrality” goals, clean energy represented by wind power and PV has achieved rapid development. In the first half of 2022, the PRC government successively launched a number of policies to support the development of new energy industry from various aspects, such as improving the construction of mechanism and system, increasing the proportion of non-fossil energy power generation represented by wind power and PV, and scaling up new energy storage.

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

- On 30 January 2022, the NDRC and the NEA jointly issued the Opinions on Improving Institutional Mechanisms and Policy Measures for Green and Low-Carbon Energy Transformation (《關於完善能源綠色低碳轉型體制機制和政策措施的意見》), which states that during the “14th Five-Year” period, the institutional framework for promoting green and low-carbon energy development will be basically established, a relatively sound policy, standard, market and regulatory system will be formed, and a mechanism for promoting energy green and low-carbon transformation led by the “double control” of energy consumption and the target system for non-fossil energy will be built; by 2030, a complete basic system and policy system for green and low-carbon energy development will be basically established, a pattern of energy production and consumption will be formed in which non-fossil energy will both basically meet the incremental energy demand and replace the fossil energy stock on a large scale, and the capacity of energy security will be comprehensively enhanced.
- On 17 March 2022, the NEA issued the Notice on the Issuance of the Guiding Opinions on Energy Work in 2022 (《關於印發〈2022年能源工作指導意見〉的通知》), which clarifies that the target for the proportion of electricity generated by wind power and PV to the electricity consumption of the whole society in the PRC in 2022 is around 12.2%, and that the utilisation rate of power generation continues to be maintained at a reasonable level. The government will vigorously develop wind power and PV by increasing its efforts to plan and build large-scale wind power and PV bases, and actively promoting the construction of complementary water power, wind power and PV bases. It will continue with the development and construction of roof distributed PV within a county, solidly promote the construction of large-scale wind power and PV bases in desert and barren areas, and build photothermal power generation projects. They are designated to promote green and low-carbon transformation of the energy, and speed up the achievement of carbon emissions peaking and carbon neutrality.
- On 21 March 2022, the NEA and the NDRC jointly issued the Implementation Plan for the Development of New Energy Storage during the “14th Five-Year” Period (《「十四五」新型儲能發展實施方案》), stating that by 2025, the new energy storage will enter into the scale development stage from the initial period of commercialization with conditions for the large-scale commercialised application; by 2030, new energy storage will achieve comprehensive market-driven development. This plan also proposes to accelerate the construction of system-friendly new energy power stations on the power source side, support the delivery from a high proportion of renewable energy bases with new energy storage, and promote the development and consumption of large wind power and PV bases in the desert and barren areas and large-scale offshore wind power. Also, the regulation capacity of conventional power sources such as coal power will be enhanced through reasonable allocation of energy storage.

Management Discussion and Analysis

- On 14 May 2022, the NDRC and the NEA jointly issued the Implementation Plan for Promoting High-Quality Development of New Energy in the New Era (《關於促進新時代新能源高質量發展的實施方案》), which states that in order to achieve the target of reaching a total installed capacity of over 1.2 billion kW of wind power and solar power by 2030, the establishment of a clean, low-carbon, safe and efficient energy system should be accelerated. The construction of large-scale wind power and PV bases focusing on desert and barren areas will be speeded up, the integration of new energy development and utilization with rural revitalization will be facilitated, the application of new energy in the fields of industry and construction will be promoted, and the society will be guided to consume new energy and other green power.
- On 1 June 2022, nine government departments including the NDRC, the NEA and the MOF jointly issued the Notice on the Issuance of the “14th Five-Year” Plan for Renewable Energy Development (《關於印發「十四五」可再生能源發展規劃的通知》). In accordance with the task requirement of the proportion of non-fossil energy consumption accounting for around 20% by 2025, the proportion of renewable energy of China to the incremental primary energy consumption will exceed 50%, the proportion of the increase in the renewable energy generation to the increase in electricity consumption across of the society will exceed 50%, and the amount of wind and solar power electricity generation will double; the national weight of total responsible consumption of electricity generated from renewable energy will reach around 33%, while the weight of responsible consumption of non-hydropower of renewable energy will reach around 18%, the utilization rate of renewable energy will maintain at a reasonable level.

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

According to the statistics of China Photovoltaic Industry Association (中國光伏行業協會), the polysilicon production capacity in the PRC reached approximately 365,000 tons in the first half of 2022, representing a year-on-year increase of 53.4%. The average price of monocrystalline dense materials rose from RMB234,400/ton (tax included) in January 2022 to RMB270,000/ton (tax included) in June 2022, representing an increase of 15.2%.

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

According to the statistics from the NEA, newly installed PV power generation capacity in China was 30.88GW in the first half of 2022, representing a year-on-year increase of 137.4%. As of the end of June 2022, China’s accumulative installed PV power generation capacity reached 336.20GW. The newly installed wind power capacity in China was 12.94GW in the first half of 2022, representing a year-on-year increase of 19.37%. As of the end of June 2022, the accumulative installed wind power capacity in China reached 342.24GW.

II. PRINCIPAL BUSINESS OPERATIONS OF THE GROUP

During the Reporting Period, under the general global trend of green and low-carbon energy transformation, the newly installed wind power and PV power generation capacity in China increased significantly year-on-year; and on the other hand, the price of polysilicon products remained at a relatively high level as affected by its supply and demand. The Group seized the opportunity of global development in the new energy industry, increased polysilicon production capacity by accelerating the layout of polysilicon business, continuously improved the quality of polysilicon through technical innovation and process optimisation. By increasing its effort to acquire wind and PV power resources, expanding the scale of power plants operated by the Group, the Group optimised its construction costs and power generation costs through technical innovation and management upgrade, which further improved its comprehensive competitiveness.

During the Reporting Period, the Group achieved revenue from operations of RMB14,716.27 million, net profit of RMB6,030.24 million and the net profit attributable to shareholders of the listed company of RMB5,617.29 million, representing increases of 88.83%, 345.14% and 357.37% over the corresponding period of last year, respectively.

1. Polysilicon Production and Construction Projects

In the first half of 2022, the Group accelerated the increase of polysilicon production capacity as follows: the technical transformation of Xinjiang polysilicon production line has been completed and its production capacity has been achieved rapidly, increasing the polysilicon production capacity in Xinjiang to 100,000 tons per year; it made every effort to promote the construction and commissioning of the 100,000-ton Polysilicon Project in Inner Mongolia, which produced products by the end of June 2022 and is expected to achieve desired quality and reach production in the fourth quarter of 2022; and it sped up the construction of the 200,000-ton Polysilicon Project in Zhundong whereby important approval documents such as project filing, environmental impact assessment, safety assessment and energy saving assessment has been obtained, and the design, equipment tendering and procurement, and project construction are progressing steadily in accordance with a rigorous plan.

During the Reporting Period, the Group achieved polysilicon production capacity and sales of approximately 46,200 tons and 47,700 tons, respectively, representing an increase of approximately 29% and 36% over the corresponding period of last year, respectively. The polysilicon segment recorded revenue of RMB10,360.86 million, representing an increase of 193.34% over the corresponding period of last year, and achieved gross profit of RMB6,833.72 million, representing an increase of 337.29% over the corresponding period of last year.

Management Discussion and Analysis

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

In the first half of 2022, the Group kept close abreast with the national policies, adhered to the development concept of “foundation, scale and intensification-driven” approaches, and focused on the development of large-scale base projects in Yunnan, Gansu and other places. At the same time, it actively promoted resource acquisition and assisted in the planning and construction of “low-carbon” parks around new models such as generation, grid, load and energy storage, composite PV, and energy storage. The indicative capacity of PV and wind power projects acquired exceeded 2GW. During the Reporting Period, the completed total installed capacity of PV and wind power projects of the Group which had been recognised as revenue amounted to approximately 1GW. The Group’s gross profit of the constructions of wind power and PV power plants segment was RMB601.62 million, representing an increase of 87.01% over the corresponding period of last year.

In the first half of 2022, the Group promoted the construction of operated power stations in an orderly manner. It further expanded the scale of operated power stations, and invested in the construction of approximately 1GW wind power and PV power plants in Xinjiang, Gansu and Inner Mongolia, which are expected to be connected to the grid for power generation in the second half of 2022 and 2023 successively. During the Reporting Period, the Group’s gross profit of the operation of wind power and PV power plants segment was RMB795.61 million, representing an increase of 53.31% over the corresponding period of last year. As of the end of June 2022, the Group had a total of 2.37GW of operated power plants projects which have achieved grid-connected power generation, and had approximately 1GW of projects under construction.

3. Technology and R&D

In terms of polysilicon production, the Group, through technological innovation and process improvement, focused on research on key technologies such as rectification and impurity removal, system discharge residues, material optimization, equipment stability improvement, and clean management and control to improve the quality of polysilicon, optimise product structure, and increase the proportion of N-type monocrystalline materials. During the Reporting Period, China National Intellectual Property Administration approved the establishment of Xinjiang’s first intellectual property operation center for silicon-based new material industry in Urumqi. The Group is responsible for its construction and operation, with support of policy coordination, talent training and expert resources from the government. The Group also promotes the construction of silicon-based new material research institutes and R&D centers, with focus on reducing costs and improving quality, increasing efficiency, enhancing R&D effort of new products and new processes in the silicon-based industry, so as to continuously improve process design and enhance its independent R&D transformation capabilities.

In terms of the development, construction and operation of wind and PV power resources, the Group conducted research based on key technologies in specific business scenarios such as generation, grid, load and energy storage, multi-energy complementary applications, and the major new energy base, and continued to promote the construction of digital design and operation business platforms and continuously promoted the innovation of design and engineering technology to achieve optimization and cost reduction. Focusing on the operation of power stations, the Group actively promoted digital management, and employed digital tools such as centralised control platform, EAM system, and E-cloud platform for unified monitoring, unified scheduling and management of operated power stations, so as to achieve the goal of “unmanned duty, few people on duty” for power stations. The Group carried out product technology innovation work in relation to inverters, SVG and string energy storage converters, to improve power density, environmental adaptability and wide temperature operating range, and ensure grid-friendly access and reduces manufacturing and operating costs.

In the first half of 2022, a total of 57 patents submitted by the Group were granted. As of 30 June 2022, the Group had a total of 693 domestic patents, 7 international patents, and participated in the preparation of 104 standards, including 6 international standards, 51 national standards and 47 industry standards.

4. Safety and Environmental Protection Construction

The Group continues to insist on “people and safety-oriented” management policy, fully implements safety and environmental protection responsibilities and enhances the construction of HSSE (health, safety, security and environmental protection) system. In the first half of 2022, the Group had no major safety production, environmental protection, security accidents and incidents.

The Group continuously established and improved the safety production responsibility system for all employees, strengthened the target performance guidance, and paid close attention to grid-based safety management. The Group organised the formulation and implementation of safety production rules and operating procedures, arranged regular safety production education and training to improve the safety professional skills, capability of hidden hazards detection and the quality of safety management operation. Meanwhile, the Group established the Safety and Environmental Protection Investment Guarantee Management Mechanism (《安全環保投入保障管理機制》) and set up a special account for safety production to ensure effective implementation of safety production investment. The Group organised the establishment and implementation of a dual prevention mechanism for safety risk hierarchical management and control and hidden hazards detection, so as to supervise and inspect the work of production safety and handle and eliminate the potential safety production accidents in a timely manner.

Management Discussion and Analysis

5. Talent Team Building

During the Reporting Period, the Group strengthened its talent team building in accordance with its business strategy. For the polysilicon construction projects, the Group provided mature talents by ways of internal transfer and selection, external recruitment of experts and technical backbones. With its focus on core target universities, the Group continued to promote various cooperation modes such as industry-academia-research cooperation, joint cultivation, order-based classes and internships to guarantee rapid replenishment of high-quality scientific research teams and front-line production teams, and to ensure the staffing at project design, construction, commissioning and other stages. The Group had a sound talent cultivation mechanism in place, whereby it strengthened the reserve and cultivation of reserve talents, set up a training base for highly skilled talents, and gradually realised the cultivation of compound talents with “one person with multiple posts and one concentration with multiple capabilities”, thereby contributing to the vocational skills improvement of employees and the quality development of the enterprise. In addition, the Group implemented the 2022 Employee Share Ownership Scheme during the Reporting Period, under which 29,940,000 domestic shares of the Company were granted to 500 employees, realizing the combination of medium to long-term interests of the enterprise and its employees.

III. OPERATING RESULTS AND ANALYSIS

FINANCIAL REVIEW:

Revenue from main businesses

The Group generates revenue mainly from three business segments, including polysilicon and construction and operation of wind power and PV power plants. For the six months ended 30 June 2022, the revenue from main businesses of the Group was RMB14,533.38 million, representing an increase of RMB6,782.52 million or 87.51% from RMB7,750.87 million in the corresponding period of last year, which was mainly attributable to the increase in sales of the Group’s polysilicon products and a 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.

For the six months ended 30 June 2022, the revenue of the polysilicon segment was RMB10,360.86 million, representing an increase of RMB6,828.82 million or 193.34% from RMB3,532.05 million in the corresponding period of last year, which was mainly attributable to the increase in sales of the Group’s polysilicon products and significant increase in sales prices during the Reporting Period.

For the six months ended 30 June 2022, the revenue of the constructions of wind power and PV power plants segment was RMB2,458.56 million, representing a decrease of RMB540.21 million or 18.01% from RMB2,998.77 million in the corresponding period of last year, which was mainly due to the arrival of new energy grid-parity era in the PRC, thereby leading to a decline in the average contract revenue per watt from the construction of wind power and PV power plants business of the Group, and thus a decrease in revenue during the Reporting Period.

For the six months ended 30 June 2022, the revenue of the operation of wind power and PV power plants segment was RMB1,213.37 million, representing an increase of RMB486.20 million or 66.86% from RMB727.18 million in the corresponding period of last year, which was 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 from main businesses

For the six months ended 30 June 2022, the costs from main businesses incurred by the Group was RMB6,229.22 million, representing an increase of RMB946.27 million or 17.91% from RMB5,282.96 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 and the increase in prices of raw materials, resulting in a corresponding increase in costs during the Reporting Period.

For the six months ended 30 June 2022, the costs incurred by the polysilicon segment was RMB3,527.14 million, representing an increase of RMB1,557.86 million or 79.11% from RMB1,969.29 million in the corresponding period of last year, which was mainly due to the increase in sales of the Group's polysilicon products and the increase in prices of raw materials such as silicon powder, as well as the increase in electricity costs, resulting in a corresponding increase in costs during the Reporting Period.

For the six months ended 30 June 2022, the cost incurred by the construction of wind power and PV power plants segment was RMB1,856.95 million, representing a decrease of RMB820.12 million or 30.63% from RMB2,677.06 million in the corresponding period of last year, which was mainly due to the arrival of new energy grid-parity era in the PRC, thereby leading to a further decline in the average cost per watt for the construction of wind power and PV power plants business of the Group, and thus a decrease in cost during the Reporting Period.

For the six months ended 30 June 2022, the cost incurred by the operation of wind power and PV power plants segment was RMB417.77 million, representing an increase of RMB209.55 million or 100.64% from RMB208.22 million in the corresponding period of last year, which was mainly due to the increase in the scale of the wind power and PV power plants operated by the Group, resulting in a corresponding increase in cost during the Reporting Period.

Gross profit and gross profit margin

For the six months ended 30 June 2022, the gross profit of the Group was RMB8,304.16 million, representing an increase of RMB5,836.25 million or 236.49% from RMB2,467.91 million in the corresponding period of last year, which was mainly attributable to the increase in sales of the Group's polysilicon products and a significant increase in sales prices, as well as the increase in the scale of the operating businesses of wind power and PV power plants during the Reporting Period. The comprehensive gross profit margin was 57.14%, representing an increase of 25.30 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.

Management Discussion and Analysis

Selling expenses

For the six months ended 30 June 2022, the selling expenses of the Group were RMB286.67 million, representing an increase of RMB113.08 million or 65.14% from RMB173.59 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 six months ended 30 June 2022, the administrative expenses of the Group were RMB317.37 million, representing an increase of RMB113.89 million or 55.97% from RMB203.48 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.

Financial expenses

For the six months ended 30 June 2022, the financial expenses of the Group were RMB348.58 million, representing an increase of RMB54.12 million or 18.38% from RMB294.46 million in the corresponding period of last year, which was mainly due to certain power plants of the Group have been converted into operation and incurred more interest expenses, with an increase in the financial expenses during the Reporting Period.

Investment income

For the six months ended 30 June 2022, the investment income of the Group was RMB36.63 million, representing an increase of RMB16.81 million or 84.84% from RMB19.81 million in the corresponding period of last year, which was mainly due to an increase in income from the disposal of long-term equity investments by the Group during the Reporting Period.

Income tax expenses

For the six months ended 30 June 2022, the income tax expenses of the Group were RMB1,062.94 million, representing an increase of RMB718.95 million or 209.00% from RMB344.00 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 six months ended 30 June 2022, the net profit attributable to shareholders of the listed company was RMB5,617.29 million, representing an increase of RMB4,389.12 million or 357.37% from RMB1,228.16 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 six months ended 30 June 2022, the profit attributable to non-controlling interests incurred by the Group were RMB412.95 million, representing an increase of RMB286.43 million or 226.38% from RMB126.53 million in the corresponding period of last year, which was mainly due to the increase in profit of the Company's non-wholly owned subsidiaries, resulting in the corresponding increase in the profit or loss attributable to non-controlling interests during the Reporting Period.

Cash flows

| | For the six months ended 30 June 2022 RMB | For the six months ended 30 June 2021 RMB |
|---|--|--|
| Net cash flow generated from operating activities | 5,683,222,650.05 | 1,004,891,405.80 |
| Net cash flow generated from (used in) investing activities | (7,036,717,449.81) | (1,067,417,794.10) |
| Net cash flow generated from financing activities | 3,380,831,727.19 | 1,685,196,264.30 |

Net cash flow generated from operating activities

For the six months ended 30 June 2022, the net cash flow generated from operating activities of the Group was RMB5,683.22 million, representing an increase of RMB4,678.33 million or 465.56% from RMB1,004.89 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 (used in) investing activities

For the six months ended 30 June 2022, the net cash flow used in investing activities of the Group was RMB7,036.72 million, representing a increase of RMB5,969.30 million or 559.23% from RMB1,067.42 million in the corresponding period of last year, which was mainly due to the increase in cash used for the Group's investment in the construction of the 100,000-ton Polysilicon Project in Inner Mongolia, the 200,000-ton Polysilicon Project in Zhundong and wind power and PV power operation plants during the Reporting Period.

Net cash flow generated from financing activities

For the six months ended 30 June 2022, the net cash flow generated from financing activities of the Group was RMB3,380.83 million, representing an increase of RMB1,695.64 million or 100.62% from RMB1,685.20 million in the corresponding period of last year, which was mainly due to the increase in borrowings for the construction and operation of the Group's 100,000-ton Polysilicon Project in Inner Mongolia, wind power and PV power plants during the Reporting Period.

Management Discussion and Analysis

Operation fund

| | As at 30 June 2022 | As at 31 December 2021 |
|---|-------------------------------|---------------------------|
| Balance of cash and cash equivalents at the end of the period | 5,223,076,127.09 | 3,192,107,888.60 |
| Gearing ratio | 56.00% | 53.49% |
| Inventory turnover rate (times) | 1.79 | 4.46 |
| Inventory turnover days (days) | 100.32 | 80.72 |

As of 30 June 2022, the balance of cash and cash equivalents at the end of the period of the Group was RMB5,223.08 million (31 December 2021: RMB3,192.11 million).

The required capital fund of the construction and operation of wind power and PV power plants in which the Group is engaged generally accounts for 30% of the total investment of a project, the rest of which is mainly bank loans that could materially affect the Group's gearing ratio. As at 30 June 2022, the gearing ratio of the Group was 56.00% while that as at 31 December 2021 was 53.49%. Gearing ratio was calculated as its net debt divided by total equity, where net debt is total interest-bearing liabilities less restricted cash and cash and cash equivalents.

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 1.79 times and 100.32 days as at 30 June 2022, respectively, and the inventory turnover rate and turnover days of the Group were 4.46 times and 80.72 days as at 31 December 2021, respectively.

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

Capital expenditure

For the six months ended 30 June 2022, the major capital expenditure of the Group included: a total of RMB5,749.35 million of expenditure for the purchases of fixed assets and intangible assets as well as other long-term assets.

Pledge of assets

As at 30 June 2022, the Group's short-term borrowings with an amount of RMB537.31 million were pledged by notes receivable; the Group's long-term borrowings with an amount of RMB14,788.16 million were secured by the assets including fixed assets, construction in progress and receivables and guaranteed by TBEA and the Company.

Capital liquidity

As at 30 June 2022, current assets of the Group amounted to RMB27,459.64 million, among which, RMB7,149.14 million was monetary capital; RMB4,051.28 million was inventories and contract assets; RMB12,341.65 million was accounts receivable, notes receivable and receivables financing, primarily consisting of the receivables of construction and operation of wind power and PV power plants and receivables of sales of inverters; and RMB2,545.93 million was other receivables, prepayments and other current assets, primarily consisting of advances, prepayments and deductible value-added tax.

As at 30 June 2022, current liabilities of the Group amounted to RMB21,316.82 million, including RMB10,471.80 million of accounts payable and notes payable, primarily consisting of payables for purchase of equipment, materials for wind power and PV power plants and polysilicon producer goods; RMB3,446.38 million of contract liabilities, primarily consisting of the prepayments for construction and operation of wind power and PV power plants and sales of polysilicon; RMB235.93 million of other payables, primarily consisting of deposits payable, deposits, etc.; RMB1,148.48 million of taxes payable, primarily consisting of various taxes to be paid; and RMB3,646.99 million of short-term borrowings.

As at 30 June 2022, net current assets of the Group amounted to RMB6,142.82 million, representing an increase of RMB1,532.76 million as compared with the net current assets of RMB4,610.06 million as at 31 December 2021. The current ratio was 128.82% as of 30 June 2022, representing an increase of 4.91 percentage points as compared with the current ratio of 123.91% as at 31 December 2021. Restricted cash amounted to RMB1,926.06 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 mainly 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 at 30 June 2022, the largest credit risk exposure that may incur financial loss to the Group mainly came from the other party's failure to perform its obligations under the contract that leads to a loss of financial assets of the Group. The Group's credit risk related to liquidity was relatively low as its liquidity was deposited in banks with high credit rating and TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司). 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 individual subsidiaries of the Group are using US dollars for sales, other main business operations of the Group are denominated and settled in RMB. As at 30 June 2022, some of the Group's assets and liabilities have balances in US dollars and few balances in Euro and Hong Kong dollars. The foreign exchange exposure of balances in such foreign currencies is minimal, and will not have a material adverse impact on the financial position of the Group. The Group adopt reasonable hedging instruments and products to reduce the risk of exchange rate fluctuations, adhere to the principle of exchange rate hedging, clarify the management of target exchange rates, and appropriately conduct businesses such as spot and forward settlements to avoid the risk of exchange rate fluctuations.

Management Discussion and Analysis

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 the fair value risks arising from changes in interest rate.

Contingent liabilities

As of 30 June 2022, the Group did not have any material contingent liabilities.

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

The Group had no material acquisition and disposal of assets, subsidiaries, associates and joint ventures during the Reporting Period.

Significant investments

Save as the investments in the construction of the 100,000-ton Polysilicon Project in Inner Mongolia and the 200,000-ton Polysilicon Project in Zhundong, the Group had no other significant investments during the Reporting Period.

Future plans for material investment or capital asset

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 report, the Group did not have other future plans for material investment or capital asset during the Reporting Period.

Significant events after the balance sheet date

After 30 June 2022 and up to the date of this report, there was no significant events after the balance sheet date of the Group.

IV. PROSPECTS

Market Prospects

In June 2022, the “14th Five-Year” Plan for Renewable Energy Development was issued, specifying that during the “14th Five-Year” period, the proportion of renewable energy of China to the incremental primary energy consumption will exceed 50%, the proportion of increased renewable energy power generation to the increase in electricity consumption across of the society will exceed 50%, and the amount of wind and solar power generation will double; the national weight of total responsible consumption of renewable energy will reach around 33%, while the weight of responsible consumption of non-hydropower of renewable energy will reach around 18%, the utilization rate of renewable energy will maintain at a reasonable level.

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 crucial action for global energy transformation and addressing climate change. The broad market prospects will bring good development opportunities for the development of the new energy industry.

Business Plan in the Second Half of 2022

Under the global “carbon emissions peaking and carbon neutrality” strategy, in 2022, the Group will capture the opportunity, accelerate the industrial distribution, commence in-depth innovation and cost reduction, improve the product quality, safeguard the Company’s healthy and sustainable development capabilities, focus on the national “14th Five-Year” strategy and make continuous efforts to achieve better development of our businesses.

1. Insist on “Safety-oriented” to Safeguard the Business Operation

The Group will continue to insist on the philosophy of “people and safety-oriented”, make its best efforts in comprehensive implementation of safe production and construction and strengthening the production safety assurance system. The Group will implement the safety production accountability system for all employees on the basis of the regular epidemic prevention and control, put efforts in the safety responsibility management of production, the construction project of polysilicon and the construction project of new energy power stations, improve the system of safety management and performance appraisal, establish and improve the management and control standards for new formats such as energy storage power stations, and conduct all production and operation work with strictly following the relevant systems and standards. Guided by the annual targets of the HSSE system, the Group will fully implement the safety contracting and assurance responsibility system for major hazards, continually improve the investigation and elimination work of hidden dangers, carry out the special treatments on hidden dangers, and facilitate the participation of all employees in the investigation of hidden dangers, to reduce safety risks and safeguard the business operation.

Management Discussion and Analysis

2. Production Capacity Expansion Plan

In respect of the polysilicon business, as of the end of June 2022, the production capacity of the Group's polysilicon was 100,000 tons/year, and we will continue to expand polysilicon production capacity on the basis of ensuring the stable and full production of existing production capacity. We will achieve the above by, firstly, promoting the improvement of the equipment monitoring standards of the existing Xinjiang production line, devoting its efforts to implement gas monitoring, video monitoring and inspection through human defense, technical defense and other means, to fully ensure the smooth operation of key equipment; secondly, ensuring that the 100,000-ton Polysilicon Project in Inner Mongolia will reach full production capacity in the fourth quarter of 2022, increasing the Group's polysilicon production capacity to 200,000 tons/year; thirdly, accelerating the construction of the 200,000-ton Polysilicon Project in Zhundong with a project construction period of 24 months in two phases, which is expected to be put into operation between 2023 and 2024 successively. The Group will optimize the product quality, energy consumption and digital construction on the basis of the 100,000-ton Polysilicon Project in Inner Mongolia, which is expected to further enhance the Group's industry position and core competitiveness.

In respect of the development, construction and operation of wind power and PV power plants, the Group will accelerate the reserve and development and construction of wind and PV resources in accordance with the national policy. Firstly, the Group will organize a specialized development team to carry out the application for large-scale base projects as well as the development of the "generation, grid, load and energy storage" and "multi-energy complementary"; secondly, the Group will promote the construction of power stations operation projects in an orderly manner to constantly increase the power generation installed capacity.

3. Quality Improvement Plan

The Group will continue to uphold the quality guidelines of "pursuing excellent quality and satisfying customers' needs" and the quality core value of "creating value to support customers' success", to improve the quality of polysilicon products and the construction quality of wind power and PV power plants, and reduce the production cost of polysilicon and the construction cost of power stations.

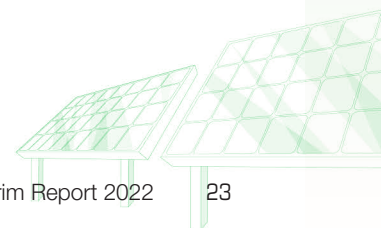
With respect to the polysilicon products, firstly, we will eliminate the hidden dangers of equipment and improve conversion efficiency through conducting the maintenance of key equipment and production lines in the second half of 2022; secondly, we will follow up the customer's production plan, organize technical exchanges and communication, implement a whole-process follow-up on the performance of finished products in various process of industrial chains, to improve the mass production capacity of N-type monocrystalline silicon materials; thirdly, we will improve the existing quality management system and facilitate the improvement of project quality with new standards and new measures through implementing technology renovation of the existing production lines together with the construction and production commencement of projects.

With respect to the construction and operation of wind power and PV power plants, firstly, we will continually improve the construction of engineering quality system, safeguard the full coverage of such system for our business, enhance the quality inspection and process quality management and control to realize the implementation of quality management informatization; secondly, 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; thirdly, we will accelerate the construction and application of the advanced functions of smart operation and maintenance platform for power stations and the fusion function among the systems, set reliability indicators for equipment control and management, to promote the construction of intelligent power stations.

4. Costs Management and Control Plan

In terms of the polysilicon business, the Group will strengthen the cost management, and further reduce the cost of polysilicon production by focusing on key indicators such as unit consumption of main and supporting materials and energy consumption. Firstly, we will enhance our price research and judgment capabilities for raw materials through analyzing the macroeconomics as well as the relevant policies, make efforts to source raw material suppliers, and strengthen our strategic negotiation with suppliers, so as to reduce the procurement costs while meeting new capacity needs for polysilicon; secondly, we will further reduce the unit consumption of silicon and electricity consumption through maintenance, the renovation and update of key equipment, the optimization of the using process of the low-quality and low-cost silicon, and improve our systematic recovery capacity of chlorosilane; thirdly, we will deeply study the policies relating to electricity transactions, formulate targeted strategies for bidding transactions, and strive for a larger quota of new energy power replacement, to constantly reduce electricity costs.

In terms of the construction and operation of wind power and PV power plants, firstly, 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 accelerate the improvement of the intelligent operation, maintenance and management level of power stations, formulate a guarantee plan on power generation, continually carry out the reliability governance of equipment, tap the potential of equipment, constantly reduce the operation cost of power stations, and further improve the efficiency of operation of the power stations.



Management Discussion and Analysis

5. Technology Innovation Plan

The Group will prioritize the leading role of innovation, insist on technology innovation based on market demands and strategy development, continue to promote the transformation of technological achievements. Firstly, we will constantly improve the product quality based on the customer's needs, accelerate the mass production capacity of N-type monocrystalline silicon materials; secondly, we will adhere to market demand-oriented, strengthen the innovative learning of new technologies and new business development models around the major new energy base, "generation, grid, load and energy storage", low-carbon industrial parks, shared energy storage, and lightweight offshore VSC-HVDC transmission systems (輕型化海上柔性直流送出系統), increase its investment in R&D; 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.

6. Human Resources Plan

The Group will focus on building a team of technology and innovative talent according to the strategic development plan and the progress of project construction, realizing the attraction, cultivation, use and retention of talent, thus leading the high-quality development of the Group. Firstly, we will enhance the quality, ability and skills training for employees, launch the construction of industrial simulation training bases, give full play to the advantages of skilled master studio, technology and human resources for high-level talent, enrich and guarantee the training system for skilled personnel; secondly, we will strengthen the construction of talent pool, and to match the demand for talent for the Group's rapid development through the training of output capacity; thirdly, we will promote and implement the construction of "dual channels" for employee career development, 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 peaking 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 advantages of improved Siemens in technology and processes to reduce the production costs, improve the product quality 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.

The Group will make full efforts to reach quality and production of the 100,000-ton Polysilicon Project in Inner Mongolia, accelerate the completion and reaching production of the 200,000-ton Polysilicon Project in Zhundong, further increase the production of polysilicon, enhance product quality, reduce production costs, and strengthen the Group's profitability and competitiveness.

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.

Management Discussion and Analysis

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, escalating geopolitical conflicts and intensifying international trade frictions, the PV industry has become an advantageous and strategic emerging industry in China, and is also facing a number of uncertainties, such as the United States announced that the Uyghur Forced Labor Prevention Act (《防止強迫維吾爾人勞動法》) was formally came into effect and prohibited 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 impact of the overseas sanctions, and will continue to improve its compliance system after taking into account of its business model, strategic planning, etc. so as to actively address the adverse impact of the above factors on the Group.

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 normal operation of the global industry 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.

Corporate Governance

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high level of corporate governance to enhance corporate value and to safeguard the interests of Shareholders. During the six months ended 30 June 2022, the Company had 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

DIRECTORS’ RESPONSIBILITY FOR THE INTERIM FINANCIAL INFORMATION

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

USE OF PROCEEDS

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 of the related costs) amounting to approximately RMB2,293.48 million (the “**Issuance of Domestic Shares**”). As at 30 June 2022, the details of the use of the proceeds from the Issuance of Domestic Shares are as follows:

| Use of proceeds | Allocated 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 | 1,751.38 | 248.62 |
| 2 Replenishment of working capital for the development of wind power and PV resources | 293.48 | 293.48 | — |
| Total | 2,293.48 | 2,044.86 | 248.62 |

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.

DIVERSITY POLICY OF BOARD MEMBERS

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to the relevant requirements of the Listing Rules, the Company has appointed a sufficient number of independent non-executive Directors, with appropriate professional qualifications, or appropriate accounting or related financial management expertise. As at the date of this report, the Company has appointed a total of three independent non-executive Directors, namely, Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny.

AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with the requirements of the Listing Rules. The primary responsibilities of the Audit Committee are to review the annual internal audit plan of the Company; oversee the financial reporting process and internal control procedures of the Group and review the quality of internal audit and disclosure of financial information of the Group; audit and supervise the connected transactions and evaluate their appropriateness; oversee the appointment, re-appointment and removal of external auditors, and make recommendations to the Board to approve the remuneration and terms of appointment of external auditors; review and oversee the independence and objectiveness of external auditors and effectiveness of audit procedures; formulate and implement policies in relation to non-audit services provided by external auditors; review interim and annual financial statements before submission to the Board; oversee the financial reporting system and internal control procedures of the Company; evaluate the effectiveness of the internal control and risk management structure to ensure the coordination between the internal audit personnel and external auditors and to ensure that the internal audit functions are operating with adequate resources in the Company and the relevant staff have sufficient qualifications and experience and are provided with regular training programmes or other similar arrangement.

As at the date of this report, the Audit Committee consisted of three independent non-executive Directors and two non-executive Directors, namely, Mr. Tam, Kwok Ming Banny (independent non-executive Director), Mr. Cui Xiang (independent non-executive Director), Mr. Chen Weiping (independent non-executive Director), Mr. Huang Hanjie (non-executive Director) and Ms. Guo Junxiang (non-executive Director). Mr. Tam, Kwok Ming Banny, who has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules, serves as the chairman of the Audit Committee.

The Audit Committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2022, the 2022 interim report and the unaudited interim financial report for the six months ended 30 June 2022 which was prepared in accordance with the CASBE and other requirements.

Other Information

SHARE CAPITAL

As at 30 June 2022, the share capital structure of the Company is as follows:

| Classification of Shares | Par value per Share | Number of issued Shares | Approximate 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 |

PUBLIC FLOAT

Based on the publicly available information to the Company, 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.

INTERIM DIVIDEND

The Board did not recommend the declaration of an interim dividend for the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EMPLOYEE SHARE OWNERSHIP SCHEME

On 5 May 2022, the adoption of the 2022 Employee Share Ownership Scheme was considered and approved at the general meeting of the Company. The Company granted 29.94 million Domestic Shares to the participants of the 2022 Employee Share Ownership Scheme (a total of 500 participants including Directors, Supervisors, senior management, middle management, core technical employees and core business employees of the Company) through the Shareholding Platforms of the 2022 Employee Share Ownership Scheme. The source of the shares was originated from the Domestic Shares held by TBEA, the Controlling Shareholder of the Company, which were transferred to the Shareholding Platforms of the 2022 Employee Share Ownership Scheme. The grant price was RMB13.73 per Domestic Share. For details, please refer to the announcement dated 15 March 2022, the circular dated 19 April 2022 and the poll results announcement dated 5 May 2022 of the Company.

PROPOSED A SHARE OFFERING AND INVESTMENT IN THE CONSTRUCTION OF THE 200,000-TON POLYSILICON PROJECT IN ZHUNDONG

On 5 May 2022, the Company's proposed initial public offering and listing of not exceeding 300,000,000 A Shares on the main board of the Shanghai Stock Exchange (the "**Proposed A Share Offering**") and related matters were considered and approved at the general meeting of the Company. The proceeds raised from the Proposed A Share Offering will be used to invest in the construction of the 200,000-ton Polysilicon Project in Zhundong. The total investment of the 200,000-ton Polysilicon Project in Zhundong is expected to be RMB17.6 billion, of which RMB8.8 billion will be funded through the capital injection by the proceeds to be raised from the Proposed A Share Offering and own funds, whilst the remainder will be settled through bank loans and other methods. The Company submitted application materials in respect of the Proposed A Share Offering, including the prospectus (application version), to the CSRC, and the CSRC has accepted the application. For details, please refer to the announcements dated 13 January 2021, 15 March 2022, 28 June 2022 and 4 July 2022, the circular dated 19 April 2022 and the poll results announcement dated 5 May 2022 of the Company.

Other Information

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2022, so far as known to the Company, the interest and short positions of the Directors, Supervisors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) (a) which will have to be notified to the Company and the Stock Exchange (including those 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 are as follows:

| Name | Nature of Interest | The Company/ associated corporation | Number/type of shares of the Company/ associated corporation held | Approximate percentage of shareholdings in the total share capital of the Company/ associated corporation ⁽¹⁾ | Approximate percentage of shareholdings in the relevant class of Shares of the Company ⁽²⁾ | Long position/ short position |
|--------------------|---|---|---|---|---|----------------------------------|
| Directors | | | | | | |
| Mr. Zhang Xin | Interest in a controlled corporation ⁽³⁾ | The Company | 86,759,908 Domestic Shares | 6.07% | 8.23% | Long position |
| | Beneficial owner | TBEA ⁽⁴⁾ | 406,403 shares | 0.01% | N/A | Long position |
| | Interest in a controlled corporation ⁽⁵⁾ | TBEA ⁽⁴⁾ | 446,982,637 shares | 11.79% | N/A | Long position |
| Mr. Huang Hanjie | Beneficial owner | TBEA ⁽⁴⁾ | 860,180 shares | 0.02% | N/A | Long position |
| Ms. Guo Junxiang | Beneficial owner | TBEA ⁽⁴⁾ | 465,180 shares | 0.01% | N/A | Long position |
| Mr. Zhang Jianxin | Interest in a controlled corporation ⁽⁶⁾ | The Company | 15,955,000 Domestic Shares | 1.12% | 1.51% | Long position |
| Mr. Yin Bo | Beneficial owner | TBEA ⁽⁴⁾ | 141,900 shares | 0.00% | N/A | Long position |
| | Interest in a controlled corporation ⁽⁷⁾ | The Company | 16,165,000 Domestic Shares | 1.13% | 1.54% | Long position |
| Mr. Xia Jinjing | Beneficial owner | TBEA ⁽⁴⁾ | 80,000 shares | 0.00% | N/A | Long position |
| Supervisors | | | | | | |
| Mr. Han Shu | Beneficial owner | TBEA ⁽⁴⁾ | 1,058 shares | 0.00% | N/A | Long position |
| Mr. Hu Shujun | Beneficial owner | TBEA ⁽⁴⁾ | 69,376 shares | 0.00% | N/A | Long position |
| Mr. Guo Hao | Beneficial owner | TBEA ⁽⁴⁾ | 2,500 shares | 0.00% | N/A | Long position |

Notes:

- (1) The calculation is based on the total number of 3,790,793,289 shares of TBEA in issue and the total number of 1,430,000,000 Shares of the Company in issue as at 30 June 2022.
- (2) The calculation is based on the total number of 1,053,829,244 Domestic Shares of the Company in issue as at 30 June 2022.
- (3) Mr. Zhang Xin directly holds 40.08% equity interest in Xinjiang Tebian and holds 24.04% equity interest in Xinjiang Tebian through his wholly-owned Tianjin Hongyuan Innovation Enterprise Management Co., Ltd.* (天津宏遠創新企業管理有限公司), and Xinjiang Tebian held 83,863,108 Domestic Shares of the Company as at 30 June 2022; Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.* (新疆遠卓企業管理諮詢有限公司), a wholly-owned subsidiary of Xinjiang Tebian, holds 2,896,800 Domestic Shares of the Company. Therefore, Mr. Zhang Xin holds approximately 6.07% of the total issued Shares of the Company through his interests in the controlled corporations.
- (4) TBEA is the Company's Controlling Shareholder and therefore an associated corporation of the Company. As at 30 June 2022, TBEA held 921,286,161 Domestic Shares (approximately 87.42% of the relevant class of Shares) of the Company, and TBEA (HONGKONG) CO., LIMITED, a wholly-owned subsidiary of TBEA, held 1,223,200 H Shares (approximately 0.33% of the relevant class of Shares) of the Company, which in total accounted for approximately 64.52% of the total number of issued Shares of the Company.
- (5) Mr. Zhang Xin directly holds 40.08% equity interest in Xinjiang Tebian and holds 24.04% equity interest in Xinjiang Tebian through his wholly-owned Tianjin Hongyuan Innovation Enterprise Management Co., Ltd.* (天津宏遠創新企業管理有限公司), and Xinjiang Tebian directly holds 446,982,637 shares of TBEA.
- (6) Mr. Zhang Jianxin is a limited partner of Xinte Kangrong and holds 45.87% interest in it, so he is deemed to be interested in the 2,180,000 Domestic Shares of the Company held by Xinte Kangrong; in addition, Mr. Zhang Jianxin is the general partner of 5 partnership enterprises (namely Xinte Tongxin, Xinte Chengxin, Xinte Zhuocheng, Xinte Green Energy and Xinte Innovation). Mr. Zhang Jianxin (as the general partner) is deemed to be interested in the total 13,775,000 Domestic Shares of the Company held by the aforesaid 5 partnership enterprises under the SFO.
- (7) Mr. Yin Bo is the general partner of 6 partnership enterprises (namely Xinte Dingxin, Xinte Chengli, Xinte Biantong, Xinte Kangrong, Xinte Jianming and Xinte Hexing). Mr. Yin Bo (as the general partner) is deemed to be interested in the total 16,165,000 Domestic Shares of the Company held by the aforesaid 6 partnership enterprises under the SFO.

Save as disclosed above, as at 30 June 2022, none of the Directors, Supervisors and chief executives 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.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2022, so far as known to the Directors of the Company after reasonable enquiry, the following persons (other than the Directors, Supervisors or chief executives of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and had been entered in the register required to be kept by the Company according to Section 336 of the SFO:

| Name of Shareholder | Nature of interest | Class of Shares held | Number of Shares held | Approximate percentage of shareholdings in the relevant class of Shares of the Company ⁽¹⁾ | Approximate percentage of shareholdings in the total share capital of the Company ⁽¹⁾ | Long position/ short position |
|---------------------|---|----------------------|-----------------------|---|--|----------------------------------|
| TBEA | Beneficial owner | Domestic Shares | 921,286,161 | 87.42% | 64.43% | Long position |
| | Interest in a controlled corporation ⁽²⁾ | H Shares | 1,223,200 | 0.33% | 0.09% | Long position |
| | | | | | <u>64.52%</u> | |
| Xinjiang Tebian | Beneficial owner | Domestic Shares | 83,863,108 | 7.96% | 5.86% | Long position |
| | Interest in a controlled corporation ⁽³⁾ | Domestic Shares | 2,896,800 | 0.27% | 0.20% | Long position |
| | | | | | <u>6.07%</u> | |

Notes:

- (1) The calculation is based on the total number of 1,430,000,000 Shares of the Company in issue as at 30 June 2022, in which 376,170,756 are H Shares and 1,053,829,244 are Domestic Shares.
- (2) TBEA indirectly holds 1,223,200 H Shares through its wholly-owned subsidiary TBEA (HONGKONG) CO., LIMITED.
- (3) Xinjiang Tebian indirectly holds 2,896,800 Domestic Shares through its wholly-owned subsidiary Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.* (新疆遠卓企業管理諮詢有限公司).

Save as disclosed above, as at 30 June 2022, the Directors of the Company are not aware that any other person (other than the Directors, Supervisors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or had been entered in the register required to be kept by the Company according to Section 336 of the SFO.

EMPLOYEES

As at 30 June 2022, the Group had a total of 7,104 employees. Remuneration paid to the Group's employees is comprised of basic salary of the respective position and performance-based salary, with the performance-based salary determined based on the performance of the Group and performance assessment results of the employees.

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

MAJOR LEGAL PROCEEDING

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

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

In March 2021, Sunoasis filed a lawsuit with the Second Intermediate People's Court of Beijing Municipality (the "**Intermediate People's Court of Beijing**") against Xuyi High Drive for the failure to pay the payables for finance lease as agreed. In April 2021, Sunoasis entered into a settlement agreement with Xuyi High Drive and its shareholder Jiangsu High Drive New Energy Co., Ltd.* (江蘇高傳新能源有限公司) ("**Jiangsu High Drive**").

Sunoasis had applied for compulsory enforcement in relation to the abovementioned lawsuits and received the outstanding amount of RMB103 million as at the date of this report. Please refer to the announcements of the Company dated 22 June 2020, 20 January 2021, 3 March 2021 and 29 April 2021 for the details.

Other Information

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.

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 of the Company confirmed that the Company had complied with the OFAC Undertakings during the Reporting Period and will continue to comply with the OFAC Undertakings in the ordinary course of business in the future.

CHANGE OF INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the six months ended 30 June 2022, the change of information of Directors, Supervisors and senior management of the Company is set out as follows:

On 25 March 2022, Mr. Hu Haiyong was appointed as the deputy general manager of the Company at the fourth meeting of the fourth session of the Board, with a term of office starting from the date of appointment up to the expiration of the term of the current session of senior management.

Save as disclosed above, there has been no change in the information of Directors, Supervisors and senior management of the Company that is required to be disclosed under Rules 13.51(2) and 13.51B of the Listing Rules.

** for identification purpose only*

Consolidated Balance Sheet

Unit: RMB

| Items | Notes | 30 June 2022 | 31 December 2021 |
|---|---------|--------------------------|--------------------------|
| Current assets: | | — | — |
| Monetary capital | VI. 1 | 7,149,135,980.94 | 5,379,011,955.63 |
| Clearing settlement funds | | — | — |
| Loans to other banks | | — | — |
| Financial assets held for trading | VI. 2 | 1,371,635,644.40 | 76,985,909.10 |
| Derivative financial assets | | — | — |
| Notes receivable | VI. 3 | 2,019,604,719.85 | 1,802,510,347.06 |
| Accounts receivable | VI. 4 | 6,315,465,337.52 | 6,103,309,452.01 |
| Receivables financing | VI. 5 | 4,006,582,114.30 | 3,608,991,052.55 |
| Prepayments | VI. 6 | 1,057,815,999.77 | 506,285,453.13 |
| Premiums receivable | | — | — |
| Reinsurance accounts receivable | | — | — |
| Reinsurance contract reserve receivable | | — | — |
| Other receivables | VI. 7 | 408,231,425.11 | 956,586,468.71 |
| Including: Interests receivable | | — | — |
| Dividends receivable | VI. 7.1 | 81,118,561.69 | 96,264,269.15 |
| Financial assets held under resale agreements | | — | — |
| Inventories | VI. 8 | 3,278,842,485.97 | 3,718,223,400.66 |
| Contract assets | VI. 9 | 772,437,277.87 | 1,221,834,859.55 |
| Assets held for sale | | — | — |
| Non-current assets due within one year | | — | — |
| Other current assets | VI. 10 | 1,079,884,171.16 | 514,586,043.05 |
| Total current assets | | 27,459,635,156.89 | 23,888,324,941.45 |
| Non-current assets: | | — | — |
| Loans and advances | | — | — |
| Debt investments | | — | — |
| Other debt investments | VI. 11 | — | 35,023,968.14 |
| Long-term receivables | | — | — |
| Long-term equity investments | VI. 12 | 459,588,323.47 | 437,492,843.11 |
| Other equity instrument investments | VI. 13 | 1,000,000.00 | 1,000,000.00 |
| Other non-current financial assets | | — | — |
| Investment properties | | — | — |
| Fixed assets | VI. 14 | 26,256,479,566.21 | 25,216,001,023.25 |
| Construction in progress | VI. 15 | 9,075,820,159.32 | 4,569,815,889.50 |
| Productive biological assets | | — | — |
| Oil and gas assets | | — | — |
| Right-of-use assets | VI. 16 | 201,242,891.94 | 141,505,795.43 |
| Intangible assets | VI. 17 | 1,141,816,187.05 | 1,082,678,082.48 |
| Development expenses | | — | — |
| Goodwill | | — | — |
| Long-term deferred expenses | VI. 18 | 2,293,391.94 | 4,586,783.88 |
| Deferred income tax assets | VI. 19 | 425,340,160.00 | 401,741,931.37 |
| Other non-current assets | VI. 20 | 2,642,079,524.97 | 2,420,701,886.79 |
| Total non-current assets | | 40,205,660,204.90 | 34,310,548,203.95 |
| Total assets | | 67,665,295,361.79 | 58,198,873,145.40 |

Consolidated Balance Sheet

Unit: RMB

| Items | Notes | 30 June 2022 | 31 December 2021 |
|---|--------|--------------------------|--------------------------|
| Current liabilities: | | — | — |
| Short-term borrowings | VI. 21 | 3,646,993,221.35 | 1,766,100,999.28 |
| Borrowing from central bank | | — | — |
| Loans from other banks | | — | — |
| Financial liabilities held for trading | VI. 22 | 16,071,125.00 | — |
| Derivative financial liabilities | | — | — |
| Notes payable | VI. 23 | 4,188,508,362.44 | 6,107,779,143.98 |
| Accounts payable | VI. 24 | 6,283,289,769.53 | 5,573,094,825.40 |
| Advances received | | — | — |
| Contract liabilities | VI. 25 | 3,446,379,383.22 | 1,977,397,303.77 |
| 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 | 317,024,761.87 | 385,279,896.06 |
| Taxes payable | VI. 28 | 1,148,482,296.28 | 861,022,895.25 |
| Other payables | VI. 29 | 235,925,334.11 | 244,646,900.47 |
| Including: Interests payable | | — | — |
| Dividends payable | | 852,205.20 | 13,394,100.00 |
| Handling fees and commission payable | | — | — |
| Reinsurance accounts payable | | — | — |
| Liabilities held for sale | | — | — |
| Non-current liabilities due within one year | VI. 30 | 1,419,485,326.59 | 1,641,406,696.12 |
| Other current liabilities | VI. 31 | 614,660,275.55 | 721,540,601.65 |
| Total current liabilities | | 21,316,819,855.94 | 19,278,269,261.98 |
| Non-current liabilities: | | — | — |
| Provision for insurance contracts | | — | — |
| Long-term borrowings | VI. 32 | 17,442,878,620.32 | 14,340,567,421.42 |
| Bonds payable | | — | — |
| Including: Preference shares | | — | — |
| Perpetual bonds | | — | — |
| Lease liabilities | VI. 33 | 163,427,775.65 | 141,365,053.58 |
| Long-term payables | VI. 34 | 345,850,000.00 | 337,150,000.00 |
| Long-term staff remuneration payables | | — | — |
| Accrued liabilities | VI. 35 | 93,150,970.42 | 105,283,377.29 |
| Deferred income | VI. 36 | 431,174,646.56 | 449,950,859.52 |
| Deferred income tax liabilities | VI. 19 | 151,605,058.06 | 157,647,570.72 |
| Other non-current liabilities | | — | — |
| Total non-current liabilities | | 18,628,087,071.01 | 15,531,964,282.53 |
| Total liabilities | | 39,944,906,926.95 | 34,810,233,544.51 |

Consolidated Balance Sheet

Unit: RMB

| Items | Notes | 30 June 2022 | 31 December 2021 |
|--|--------|--------------------------|-------------------|
| Shareholders' equity: | | — | — |
| Share capital | VI. 37 | 1,430,000,000.00 | 1,430,000,000.00 |
| Other equity instruments | | — | — |
| Including: Preference shares | | — | — |
| Perpetual bonds | | — | — |
| Capital reserve | VI. 38 | 9,136,657,235.16 | 9,160,068,619.11 |
| Less: Treasury shares | | — | — |
| Other comprehensive income | VI. 39 | -3,888,180.93 | -4,058,343.45 |
| Special reserve | VI. 40 | 7,446,410.45 | — |
| Surplus reserve | VI. 41 | 547,653,992.38 | 547,653,992.38 |
| General risk reserve | | — | — |
| Undistributed profit | VI. 42 | 12,938,195,592.09 | 8,893,910,525.69 |
| Total equity attributable to the shareholders of the parent company | | 24,056,065,049.15 | 20,027,574,793.73 |
| Non-controlling interest | | 3,664,323,385.69 | 3,361,064,807.16 |
| Total shareholders' equity | | 27,720,388,434.84 | 23,388,639,600.89 |
| Total liabilities and shareholders' equity | | 67,665,295,361.79 | 58,198,873,145.40 |

Balance Sheet of the Parent Company

Unit: RMB

| Items | Notes | 30 June 2022 | 31 December 2021 |
|--|-------|--------------------------|--------------------------|
| Current assets: | | — | — |
| Monetary capital | | 684,229,819.85 | 1,466,945,065.67 |
| Financial assets held for trading | | — | — |
| Derivative financial assets | | — | — |
| Notes receivable | | 957,221,012.87 | 1,614,090,718.02 |
| Accounts receivable | | 684,028,125.84 | 471,910,806.33 |
| Receivables financing | | 1,056,339,230.31 | 2,153,484,668.56 |
| Prepayments | | 31,250,371.27 | 18,486,062.21 |
| Other receivables | | 842,794,461.38 | 1,094,838,131.43 |
| Including: Interests receivable | | — | — |
| Dividends receivable | | 269,524,736.89 | 430,988,436.89 |
| Inventories | | 592,924,871.04 | 821,324,120.04 |
| Contract assets | | — | — |
| Assets held for sale | | — | — |
| Non-current assets due within one year | | — | — |
| Other current assets | | — | — |
| Total current assets | | 4,848,787,892.56 | 7,641,079,572.26 |
| Non-current assets: | | — | — |
| Debt investments | | — | — |
| Other debt investments | | — | — |
| Long-term receivables | | — | — |
| Long-term equity investments | | 12,594,607,037.95 | 9,189,474,219.63 |
| Other equity instrument investments | | — | — |
| Other non-current financial assets | | — | — |
| Investment properties | | — | — |
| Fixed assets | | 6,083,863,059.95 | 5,832,057,505.37 |
| Construction in progress | | 165,296,401.40 | 316,761,179.91 |
| Productive biological assets | | — | — |
| Oil and gas assets | | — | — |
| Right-of-use assets | | — | — |
| Intangible assets | | 187,936,831.77 | 191,596,571.83 |
| Development expenses | | — | — |
| Goodwill | | — | — |
| Long-term deferred expenses | | 2,293,391.94 | 4,586,783.88 |
| Deferred income tax assets | | 103,555,601.05 | 86,285,615.52 |
| Other non-current assets | | 72,534,042.85 | 71,048,943.28 |
| Total non-current assets | | 19,210,086,366.91 | 15,691,810,819.42 |
| Total assets | | 24,058,874,259.47 | 23,332,890,391.68 |

Balance Sheet of the Parent Company

Unit: RMB

| Items | Notes | 30 June 2022 | 31 December 2021 |
|---|-------|-------------------------|-------------------------|
| Current liabilities: | | — | — |
| Short-term borrowings | | 116,350,000.00 | 1,000,000.00 |
| Financial liabilities held for trading | | — | — |
| Derivative financial liabilities | | — | — |
| Notes payable | | 2,498,674,261.27 | 3,434,050,847.72 |
| Accounts payable | | 958,563,112.98 | 635,467,730.15 |
| Advances received | | — | — |
| Contract liabilities | | 1,412,120,918.21 | 894,678,039.08 |
| Staff remuneration payables | | 119,184,229.60 | 137,340,555.99 |
| Taxes payable | | 348,543,019.11 | 256,498,014.63 |
| Other payables | | 77,097,813.64 | 87,559,998.25 |
| Including: Interests payable | | — | — |
| Dividends payable | | 852,205.20 | — |
| Liabilities held for sale | | — | — |
| Non-current liabilities due within one year | | 147,963,270.57 | 267,116,428.31 |
| Other current liabilities | | 659,282,298.82 | 632,589,388.69 |
| Total current liabilities | | 6,337,778,924.20 | 6,346,301,002.82 |
| Non-current liabilities: | | — | — |
| Long-term borrowings | | 1,286,000,000.00 | 1,358,500,000.00 |
| Bonds payable | | — | — |
| Including: Preference shares | | — | — |
| Perpetual bonds | | — | — |
| Lease liabilities | | — | — |
| Long-term payables | | — | — |
| Long-term staff remuneration payables | | — | — |
| Accrued liabilities | | — | — |
| Deferred income | | 265,778,813.83 | 275,392,424.97 |
| Deferred income tax liabilities | | 151,473,875.45 | 157,647,570.72 |
| Other non-current liabilities | | — | — |
| Total non-current liabilities | | 1,703,252,689.28 | 1,791,539,995.69 |
| Total liabilities | | 8,041,031,613.48 | 8,137,840,998.51 |

Balance Sheet of the Parent Company

Unit: RMB

| Items | Notes | 30 June 2022 | 31 December 2021 |
|---|-------|--------------------------|-------------------|
| Shareholders' equity: | | — | — |
| Share capital | | 1,430,000,000.00 | 1,430,000,000.00 |
| Other equity instruments | | — | — |
| Including: Preference shares | | — | — |
| Perpetual bonds | | — | — |
| Capital reserve | | 9,125,145,474.80 | 9,114,857,692.39 |
| Less: Treasury shares | | — | — |
| Other comprehensive income | | — | — |
| Special reserve | | 2,199,146.78 | — |
| Surplus reserve | | 546,036,898.45 | 546,036,898.45 |
| Undistributed profit | | 4,914,461,125.96 | 4,104,154,802.33 |
| Total shareholders' equity | | 16,017,842,645.99 | 15,195,049,393.17 |
| Total liabilities and shareholders' equity | | 24,058,874,259.47 | 23,332,890,391.68 |

Consolidated Income Statement

Unit: RMB

| Items | Notes | From January to June 2022 | From January to June 2021 |
|---|--------|------------------------------|------------------------------|
| I. Total operating revenue | VI. 43 | 14,716,265,976.66 | 7,793,512,062.59 |
| Including: Operating revenue | VI. 43 | 14,716,265,976.66 | 7,793,512,062.59 |
| Interest income | | — | — |
| Premium earned | | — | — |
| Handling fees and commission income | | — | — |
| II. Total operating cost | | 7,539,371,632.29 | 6,099,037,380.90 |
| Including: Operating cost | VI. 43 | 6,277,489,049.99 | 5,312,355,498.10 |
| 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. 44 | 183,963,872.13 | 59,442,102.57 |
| Selling expenses | VI. 45 | 286,667,804.32 | 173,590,126.62 |
| Administrative expenses | VI. 46 | 317,370,444.75 | 203,477,897.36 |
| R&D expenses | VI. 47 | 125,303,480.90 | 55,715,742.56 |
| Financial expenses | VI. 48 | 348,576,980.20 | 294,456,013.70 |
| Including: Interest expenses | | 381,748,457.77 | 296,178,284.15 |
| Interest income | | 37,692,414.41 | 14,327,263.61 |
| Add: Other revenue | | 43,427,268.07 | 27,236,761.23 |
| Investment income (loss is represented by “-”) | | 36,625,126.23 | 19,814,488.37 |
| Including: Investment income from associates and joint ventures | | 38,120,768.63 | 18,364,112.94 |
| 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 “-”) | | — | — |
| Gain on changes in fair value (loss is represented by “-”) | | -14,703,522.37 | -6,763,361.45 |
| Impairment loss of credit (loss is represented by “-”) | | -69,969,002.04 | -48,851,383.58 |
| Impairment loss of assets (loss is represented by “-”) | | -67,212,894.39 | -11,856,248.88 |
| Gains from disposal of assets (loss is represented by “-”) | | 1,789,467.53 | -333,486.54 |
| III. Operating profit (loss is represented by “-”) | | 7,106,850,787.40 | 1,673,721,450.84 |
| Add: Non-operating revenue | | 27,601,961.80 | 32,629,666.22 |
| Less: Non-operating expenses | | 41,274,023.99 | 7,667,665.03 |
| IV. Total profit (total loss is represented by “-”) | | 7,093,178,725.21 | 1,698,683,452.03 |
| Less: Income tax expense | VI. 49 | 1,062,940,700.43 | 343,995,147.75 |
| V. Net profit (net loss is represented by “-”) | | 6,030,238,024.78 | 1,354,688,304.28 |
| (I) Classified by continuity of operations | | — | — |
| 1. Net profit from continuing operations (net loss is represented by “-”) | | 6,030,238,024.78 | 1,354,688,304.28 |
| 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 “-”) | | 5,617,285,066.40 | 1,228,161,660.28 |
| 2. Profit or loss attributable to non-controlling interests (net loss is represented by “-”) | | 412,952,958.38 | 126,526,644.00 |

Consolidated Income Statement

Unit: RMB

| Items | Notes | From January to June 2022 | From January to June 2021 |
|---|-------|---------------------------|---------------------------|
| VI. Net other comprehensive income after tax | | 186,167.03 | 98,948.93 |
| Net other comprehensive income after tax attributable to owners of the parent company | | 170,162.52 | 69,739.20 |
| (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 | | 170,162.52 | 69,739.20 |
| 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 | | 170,162.52 | 69,739.20 |
| 7. Others | | — | — |
| Net other comprehensive income after tax attributable to non-controlling interest | | 16,004.51 | 29,209.72 |
| VII. Total comprehensive income | | 6,030,424,191.81 | 1,354,787,253.21 |
| Total comprehensive income attributable to shareholders of the parent company | | 5,617,455,228.92 | 1,228,231,399.48 |
| Total comprehensive income attributable to non-controlling interests | | 412,968,962.89 | 126,555,853.73 |
| VIII. Earnings per share: | | — | — |
| (I) Basic earnings per share (RMB/share) | | 3.9282 | 1.0235 |
| (II) Diluted earnings per share (RMB/share) | | 3.9282 | 1.0235 |

Income Statement of the Parent Company

Unit: RMB

| Items | Notes | From January to June 2022 | From January to June 2021 |
|---|-------|------------------------------|------------------------------|
| I. Operating revenue | | 5,925,382,998.86 | 5,134,248,814.83 |
| Less: Operating cost | | 3,358,421,725.94 | 4,828,807,030.04 |
| Taxes and surcharges | | 58,594,692.52 | 23,487,578.37 |
| Selling expenses | | 2,791,261.90 | 3,957,229.53 |
| Administrative expenses | | 35,608,304.96 | 36,493,303.28 |
| R&D expenses | | 53,460,172.28 | — |
| Financial expenses | | 23,334,479.45 | 62,075,796.60 |
| Including: Interest expenses | | 38,755,056.33 | 46,027,728.96 |
| Interest income | | 13,660,227.78 | 3,862,232.68 |
| Add: Other revenue | | 15,519,055.37 | 18,861,843.58 |
| Investment income (loss is represented by “-”) | | 354,715,517.24 | 336,548,096.89 |
| Including: Investment income from associates and joint ventures | | — | — |
| Gains from derecognition of financial assets measured at amortized cost | | — | — |
| Gains from net exposure to hedging (loss is represented by “-”) | | — | — |
| Gain on changes in fair value (loss is represented by “-”) | | — | — |
| Impairment loss of credit (loss is represented by “-”) | | -22,341,133.46 | — |
| Impairment loss of assets (loss is represented by “-”) | | — | -8,116,667.17 |
| Gains from disposal of assets (loss is represented by “-”) | | 1,113,534.19 | — |
| II. Operating profit (loss is represented by “-”) | | 2,742,179,335.15 | 526,721,150.31 |
| Add: Non-operating revenue | | 3,806,506.03 | 10,964,657.84 |
| Less: Non-operating expenses | | — | 38,884.43 |
| III. Total profit (total loss is represented by “-”) | | 2,745,985,841.18 | 537,646,923.72 |
| Less: Income tax expense | | 362,679,517.55 | 15,339,795.43 |
| IV. Net profit (net loss is represented by “-”) | | 2,383,306,323.63 | 522,307,128.29 |
| (I) Net profit from continuing operations (net loss is represented by “-”) | | 2,383,306,323.63 | 522,307,128.29 |
| (II) Net profit from discontinued operation (net loss is represented by “-”) | | — | — |

Income Statement of the Parent Company

Unit: RMB

| Items | Notes | From January to June 2022 | From January to June 2021 |
|---|-------|------------------------------|------------------------------|
| V. Net other comprehensive income after tax | | — | — |
| (I) Other comprehensive income not reclassified to profit or loss | | — | — |
| 1. Changes arising on remeasurement of defined benefit plans | | — | — |
| 2. Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss | | — | — |
| 3. Changes in fair value of investments in other equity instruments | | — | — |
| 4. Changes in fair value of own credit risk of the Company | | — | — |
| 5. Others | | — | — |
| (II) Other comprehensive income to be reclassified to profit or loss | | — | — |
| 1. Other comprehensive income accounted for using the equity method that may be reclassified to profit or loss | | — | — |
| 2. Changes in fair value of other debt investments | | — | — |
| 3. Amount of financial assets reclassified into other comprehensive income | | — | — |
| 4. Provisions for credit impairment of other debt investments | | — | — |
| 5. Reserve for cash flow hedging (effective portion of profit or loss on cash flow hedging) | | — | — |
| 6. Exchange differences on translation of financial statements in foreign currency | | — | — |
| 7. Others | | — | — |
| VI. Total comprehensive income | | 2,383,306,323.63 | 522,307,128.29 |
| VII. Earnings per share | | — | — |
| (I) Basic earnings per share (RMB/share) | | — | — |
| (II) Diluted earnings per share (RMB/share) | | — | — |

Consolidated Statement of Cash Flows

Unit: RMB

| Items | Notes | From January to June 2022 | From January to June 2021 |
|---|-------|------------------------------|------------------------------|
| I. Cash flows from operating activities: | | — | — |
| Cash received from sales of goods and provision of services | | 17,712,472,519.37 | 8,535,849,992.95 |
| 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 | | 486,305,496.89 | 55,447,955.97 |
| Other cash received from activities relating to operation | | 231,657,494.70 | 145,407,488.03 |
| Sub-total of cash inflow from operating activities | | 18,430,435,510.96 | 8,736,705,436.95 |
| Cash paid for goods purchased and services rendered | | 9,159,400,888.00 | 6,444,945,586.73 |
| 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 | | 853,944,776.83 | 517,699,044.70 |
| Taxes paid | | 2,312,197,587.26 | 529,099,297.91 |
| Other cash paid for activities relating to operating activities | | 421,669,608.82 | 240,070,101.81 |
| Sub-total of cash outflow from operating activities | | 12,747,212,860.91 | 7,731,814,031.15 |
| Net cash flows generated from operating activities | | 5,683,222,650.05 | 1,004,891,405.80 |

Consolidated Statement of Cash Flows

Unit: RMB

| Items | Notes | From January to June 2022 | From January to June 2021 |
|---|-------|------------------------------|------------------------------|
| II. Cash flow generated from investment activities: | | — | — |
| Cash received from disposal of investments | | 147,818,374.63 | — |
| Cash received from gains in investments | | 15,145,707.46 | 16,234,926.62 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 540,900.00 | 4,414,529.00 |
| Net cash received from disposal of subsidiaries and other operating entities | | 201,279,499.15 | 485,584,597.99 |
| Other cash received relating to investment activities | | 20,039,066.87 | 121,066,942.43 |
| Sub-total of cash inflow from investment activities | | 384,823,548.11 | 627,300,996.04 |
| Cash paid for purchase of fixed assets, intangible assets and other long-term assets | | 5,749,348,933.40 | 1,324,912,024.00 |
| Cash paid for investment | | 1,360,704,000.00 | 4,710,100.00 |
| Net increase in pledged loans | | — | — |
| Net cash paid for acquiring subsidiaries and other operating entities | | — | — |
| Other cash paid relating to investment activities | | 311,488,064.52 | 365,096,666.14 |
| Sub-total of cash outflow from investment activities | | 7,421,540,997.92 | 1,694,718,790.14 |
| Net cash flow generated from investment activities | | -7,036,717,449.81 | -1,067,417,794.10 |
| III. Cash flow from financing activities: | | — | — |
| Proceeds received from investments | | — | — |
| Including: Proceeds received by subsidiaries from minority interests' investment | | — | — |
| Cash received from borrowings | | 6,912,440,089.07 | 3,475,717,065.96 |
| Other cash received relating to financing activities | | 816,346,754.65 | 473,567,916.99 |
| Sub-total of cash inflow from financing activities | | 7,728,786,843.72 | 3,949,284,982.95 |
| Cash paid for repayment of debts | | 2,042,449,487.05 | 1,350,137,250.00 |
| Cash payments for dividend and profit distribution or interest repayment | | 2,067,621,441.31 | 501,213,883.17 |
| Including: Dividend and profit paid by subsidiaries to minority interests | | 140,974,137.93 | — |
| Other cash paid relating to financing activities | | 237,884,188.17 | 412,737,585.48 |
| Sub-total of cash outflow from financing activities | | 4,347,955,116.53 | 2,264,088,718.65 |
| Net cash flow generated from financing activities | | 3,380,831,727.19 | 1,685,196,264.30 |
| IV. Effect on cash and cash equivalents due to changes in foreign exchange rates | | 3,631,311.06 | 458,489.80 |
| V. Net increase in cash and cash equivalents | | 2,030,968,238.49 | 1,623,128,365.80 |
| Add: Balance of cash and cash equivalents at the beginning of the period | | 3,192,107,888.60 | 1,993,529,192.05 |
| VI. Balance of cash and cash equivalents at the end of the period | | 5,223,076,127.09 | 3,616,657,557.85 |

Statement of Cash Flows of the Parent Company

Unit: RMB

| Items | Notes | From January to June 2022 | From January to June 2021 |
|---|-------|---------------------------|---------------------------|
| I. Cash flows from operating activities: | | — | — |
| Cash received from sales of goods and provision of services | | 6,839,993,066.05 | 3,395,477,679.76 |
| Receipt of tax rebates | | — | 1,005,061.24 |
| Other cash received from activities relating to operation | | 120,426,049.76 | 682,853,983.61 |
| Sub-total of cash inflow from operating activities | | 6,960,419,115.81 | 4,079,336,724.61 |
| Cash paid for goods purchased and services rendered | | 1,844,286,047.59 | 2,481,606,038.62 |
| Cash paid to and on behalf of staff | | 229,239,128.63 | 161,687,625.82 |
| Taxes paid | | 783,421,959.00 | 111,231,379.08 |
| Other cash paid for activities relating to operating activities | | 103,963,577.33 | 22,307,438.57 |
| Sub-total of cash outflow from operating activities | | 2,960,910,712.55 | 2,776,832,482.09 |
| Net cash flows generated from operating activities | | 3,999,508,403.26 | 1,302,504,242.52 |
| II. Cash flow generated from investment activities: | | — | — |
| Cash received from disposal of investments | | — | — |
| Cash received from gains in investments | | 516,179,217.24 | — |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 540,900.00 | 1,125,510.00 |
| Net cash received from disposal of subsidiaries and other operating entities | | — | — |
| Other cash received relating to investment activities | | — | — |
| Sub-total of cash inflow from investment activities | | 516,720,117.24 | 1,125,510.00 |
| Cash paid for purchase of fixed assets, intangible assets and other long-term assets | | 254,841,228.38 | 283,862,482.89 |
| Cash paid for investment | | 3,400,000,000.00 | 148,000,000.00 |
| Net cash paid for acquiring subsidiaries and other operating entities | | — | — |
| Other cash paid relating to investment activities | | — | — |
| Sub-total of cash outflow from investment activities | | 3,654,841,228.38 | 431,862,482.89 |
| Net cash flow generated from investment activities | | -3,138,121,111.14 | -430,736,972.89 |

Statement of Cash Flows of the Parent Company

Unit: RMB

| Items | Notes | From January to June 2022 | From January to June 2021 |
|---|-------|------------------------------|------------------------------|
| III. Cash flow from financing activities: | | — | — |
| Proceeds received from investments | | — | — |
| Cash received from borrowings | | 116,350,000.00 | 500,000,000.00 |
| Other cash received relating to financing activities | | — | — |
| Sub-total of cash inflow from financing activities | | 116,350,000.00 | 500,000,000.00 |
| Cash paid for repayment of debts | | 191,500,000.00 | 230,882,250.00 |
| Cash payments for dividend and profit distribution or interest repayment | | 1,568,980,902.96 | 37,950,685.08 |
| Other cash paid relating to financing activities | | 137,069,001.13 | — |
| Sub-total of cash outflow from financing activities | | 1,897,549,904.09 | 268,832,935.08 |
| Net cash flow generated from financing activities | | -1,781,199,904.09 | 231,167,064.92 |
| IV. Effect on cash and cash equivalents due to changes in foreign exchange rates | | 28,365.02 | 3,647.66 |
| V. Net increase in cash and cash equivalents | | -919,784,246.95 | 1,102,937,982.21 |
| Add: Balance of cash and cash equivalents at the beginning of the period | | 1,311,288,353.34 | 655,773,711.91 |
| VI. Balance of cash and cash equivalents at the end of the period | | 391,504,106.39 | 1,758,711,694.12 |

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

| Items | Equity attributable to the shareholders of the parent company | | | | | | | | | | Total shareholders' equity | | | |
|---|---|-------------------|--------------------------|-----------------|-----------------------|----------------------------|-----------------|-----------------|----------------------|----------------------|----------------------------|-------------------|------------------|--------------------------|
| | Share capital | Preference shares | Other equity instruments | Perpetual bonds | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve | Undistributed profit | | Others | Sub-total | Non-controlling interest |
| I. Balance at the end of previous year | 1,430,000,000.00 | - | - | - | - | - | - | 547,653,932.33 | - | 8,833,910,525.69 | - | 20,027,574,793.73 | 3,351,064,807.16 | 23,388,639,600.88 |
| Add: Changes in accounting policy | - | - | - | - | - | -4,038,343.45 | - | - | - | - | - | - | - | - |
| Prior-period error correction | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Merger of enterprises under common control | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| II. Balance at the beginning of the period | 1,430,000,000.00 | - | - | - | - | -4,038,343.45 | - | 547,653,932.33 | - | 8,833,910,525.69 | - | 20,027,574,793.73 | 3,351,064,807.16 | 23,388,639,600.88 |
| III. Amount of increase/decrease/change in the current period (decrease is represented by "-") | - | - | - | - | - | 170,162.52 | 7,446,410.45 | - | - | 4,044,285,066.40 | - | 4,028,490,255.42 | 303,258,576.53 | 4,331,748,833.95 |
| (I) Total comprehensive income | - | - | - | - | - | 170,162.52 | - | - | - | 5,617,285,066.40 | - | 5,617,455,228.32 | 412,588,892.89 | 6,030,424,191.81 |
| (II) Contribution and reduction of capital by shareholders | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (III) Profit distribution | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 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 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (IV) Withdrawal of surplus reserves | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1. Withdrawal of general risk reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2. Distributions to shareholders | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4. Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (V) 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 related earnings from changes in defined benefit plans | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5. Carry-forward of related earnings from other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6. Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (VI) Special reserves | - | - | - | - | - | - | 7,446,410.45 | - | - | - | - | - | - | - |
| 1. Current withdrawal | - | - | - | - | - | - | 25,403,016.74 | - | - | - | - | - | - | - |
| 2. Current use | - | - | - | - | - | - | 17,956,606.29 | - | - | - | - | - | - | - |
| (VII) Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IV. Balance at the end of the period | 1,430,000,000.00 | - | - | - | - | -3,888,180.93 | 7,446,410.45 | 547,653,932.33 | - | 12,833,195,592.09 | - | 24,656,065,048.15 | 3,654,323,385.69 | 27,720,388,434.84 |

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

| Items | Other equity instruments | | | | Equity attributable to the shareholders of the parent company | | | | | | Total shareholders' equity | | | | | |
|---|--------------------------|-------------------|-----------------|--------------------------|---|------------------|-----------------|----------------------------|-----------------|-----------------|----------------------------|----------------------|----------------------|-------------------|------------------|--------------------------|
| | Share capital | Preference shares | Perpetual bonds | Other equity instruments | Others | Capital reserve | Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | | General risk reserve | Undistributed profit | Others | Sub-total | Non-controlling interest |
| I. Balance at the end of previous year | 1,200,000,000.00 | - | - | - | - | 6,234,749,400.78 | - | 319,556.86 | - | 343,616,688.09 | - | 4,262,694,065.15 | - | 12,041,389,110.88 | 2,459,870,212.14 | 14,501,239,323.02 |
| Add: Changes in accounting policy | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Prior-period error correction | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Merger of enterprises under common control | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| II. Balance at the beginning of the year | 1,200,000,000.00 | - | - | - | - | 6,234,749,400.78 | - | 319,556.86 | - | 343,616,688.09 | - | 4,262,694,065.15 | - | 12,041,389,110.88 | 2,459,870,212.14 | 14,501,239,323.02 |
| III. Amount of increase/(decrease)/change in the current year (decrease is represented by "-") | - | - | - | - | - | - | - | - | - | -1,617,083.33 | - | 1,228,161,660.28 | - | 1,226,544,566.35 | -28,330,673.51 | 1,198,213,887.84 |
| (I) Total comprehensive income | - | - | - | - | - | - | - | - | - | - | - | 1,228,161,660.28 | - | 1,228,161,660.28 | 128,526,844.00 | 1,354,688,504.28 |
| (II) Contribution and reduction of capital by shareholders | - | - | - | - | - | - | - | - | - | -1,617,083.33 | - | - | - | -1,617,083.33 | - | -1,617,083.33 |
| 1. Ordinary shares contributed by shareholders | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2. Capital contributed by other equity instrument holders | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3. Amount included in Shareholders' equity in share payment | - | - | - | - | - | - | - | - | - | -1,617,083.33 | - | - | - | -1,617,083.33 | - | -1,617,083.33 |
| 4. Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (III) Profit distribution | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1. Withdrawal of surplus reserves | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2. Withdrawal of general risk reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3. Distributions to shareholders | - | - | - | - | - | - | - | - | - | - | - | -120,000,000.00 | - | - | -154,857,322.51 | -154,857,322.51 |
| 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 | - | - | - | - | - | - | - | 4,539,920.40 | - | - | - | - | - | - | - | - |
| 1. Current withdrawal | - | - | - | - | - | - | - | 4,539,920.40 | - | - | - | - | - | - | - | - |
| 2. Current use | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (VI) Others | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IV. Balance at the end of the year | 1,200,000,000.00 | - | - | - | - | 6,234,749,400.78 | - | 319,556.86 | - | 4,539,920.40 | - | 5,490,855,745.43 | - | 13,267,913,677.23 | 2,431,539,533.63 | 15,699,453,210.86 |

Statement of Changes in Shareholders' Equity of the Parent Company

Unit: RMB

| Items | Other equity instruments | | | | | 30 June 2022 | | | | | 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 |
| I. Balance at the end of previous year | 1,430,000,000.00 | - | - | - | 9,114,857,692.39 | - | - | - | 546,036,888.45 | 4,104,154,802.33 | - | 15,195,046,393.17 |
| Add: Changes in accounting policy | - | - | - | - | - | - | - | - | - | - | - | - |
| Prior-period error correction | - | - | - | - | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - | - | - | - | - |
| II. Balance at the beginning of the period | 1,430,000,000.00 | - | - | - | 9,114,857,692.39 | - | - | - | 546,036,888.45 | 4,104,154,802.33 | - | 15,195,046,393.17 |
| III. Amount of increase/(decrease)/change in the current period (decrease is represented by "-") | - | - | - | - | 10,287,782.41 | - | - | 2,198,146.78 | - | 810,306,323.63 | - | 822,793,252.82 |
| (I) Total comprehensive income | - | - | - | - | - | - | - | - | - | 2,383,306,323.63 | - | 2,383,306,323.63 |
| (II) Contribution and reduction of capital by shareholders | - | - | - | - | 10,287,782.41 | - | - | - | - | - | - | 10,287,782.41 |
| 1. Ordinary shares contributed by shareholders | - | - | - | - | - | - | - | - | - | - | - | - |
| 2. Capital contributed by other equity instrument holders | - | - | - | - | - | - | - | - | - | - | - | - |
| 3. Amount included in Shareholders' equity in share payment | - | - | - | - | 10,287,782.41 | - | - | - | - | - | - | 10,287,782.41 |
| 4. Others | - | - | - | - | - | - | - | - | - | - | - | - |
| (III) Profit distribution | - | - | - | - | - | - | - | - | - | -1,573,000,000.00 | - | -1,573,000,000.00 |
| 1. Withdrawal of surplus reserves | - | - | - | - | - | - | - | - | - | -1,573,000,000.00 | - | -1,573,000,000.00 |
| 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 | - | - | - | - | - | - | - | 2,198,146.78 | - | - | - | 2,198,146.78 |
| 1. Current withdrawal | - | - | - | - | - | - | - | 12,942,001.27 | - | - | - | 12,942,001.27 |
| 2. Current use | - | - | - | - | - | - | - | 10,742,854.49 | - | - | - | 10,742,854.49 |
| (VI) Others | - | - | - | - | - | - | - | - | - | - | - | - |
| IV. Balance at the end of the period | 1,430,000,000.00 | - | - | - | 9,125,145,474.80 | - | - | 2,198,146.78 | 546,036,888.45 | 4,914,461,125.96 | - | 16,017,842,645.99 |

Statement of Changes in Shareholders' Equity of the Parent Company

Unit: RMB

| Items | 30 June 2021 | | | | | Total shareholders' equity | | | |
|---|------------------|-------------------|-----------------|-----------------------|----------------------------|----------------------------|------------------|-----------------|-------------------|
| | Share capital | Preference shares | Perpetual bonds | Others | Capital reserve | | | | |
| | | | | Less: Treasury shares | Other comprehensive income | | | | |
| | | | | | Special reserve | Others | | | |
| | | | | | Surplus reserve | Undistributed profit | | | |
| I. Balance at the end of previous year | 1,200,000,000.00 | - | - | - | 6,197,070,310.25 | 341,988,574.16 | 2,387,719,883.77 | - | 10,126,778,768.18 |
| Add: Changes in accounting policy | | | | | | | | | |
| Prior-period error correction | | | | | | | | | |
| Others | | | | | | | | | |
| II. Balance at the beginning of the current year | 1,200,000,000.00 | - | - | - | 6,197,070,310.25 | 341,988,574.16 | 2,387,719,883.77 | - | 10,126,778,768.18 |
| III. Amount of increase/decrease/change in the current year (decrease is represented by "-") | | | | | | | | | |
| (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 | | | | | | | | -120,000,000.00 | -120,000,000.00 |
| 2. Distributions to shareholders | | | | | | | | | |
| 3. Others | | | | | | | | -120,000,000.00 | -120,000,000.00 |
| (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 | | | | | | | | | |
| IV. Balance at the end of the current year | 1,200,000,000.00 | - | - | - | 6,197,070,310.25 | 341,988,574.16 | 2,790,027,012.06 | - | 10,529,422,626.24 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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

The Group incorporates all subsidiaries controlled by it and structured entities into consolidated financial statements. During the reporting period, the changes in the scope of the Company's consolidated financial statements are as follows:

As of 30 June 2022, the consolidated scope of the Company includes 462 subsidiaries, representing an increase of 32 compared with the end of 2021 and including 38 newly added subsidiaries due to newly establishment, 1 newly added subsidiary due to merger by other ways, 6 subsidiaries reduced due to transfer, and 1 subsidiary reduced due to cancellation.

For details, please refer to Note "VII. Changes in the Scope of Consolidation". For relevant information of subsidiaries, please refer to Note "VIII. Interests in Other Entities".

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

III. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements of the Group were prepared on the going-concern basis and transactions and events actually occurred in accordance with the relevant provisions of CASBE issued by the MOF and the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – the General Provisions of Financial Reports issued by the CSRC and were based on the accounting policies and accounting estimates stated in Note “IV. Significant Accounting Policies and Accounting Estimates”.

2. Going concern

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of compliance with the CASBE

The Group declares that the financial statements prepared comply with the CASBE, which reflect the financial position, results of operation and cash flow of the Group truly and completely. The accounting policies adopted in this interim report are consistent with those adopted in the annual financial statements for the year ended 31 December 2021.

2. Accounting period

The accounting period of the Group is from 1 January to 30 June of each calendar year.

3. Business cycle

The business cycle of the Group is 12 months.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

4. Recording currency

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

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

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

The identifiable assets, liabilities and contingent liabilities 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 by the Group at the purchase date and various direct related 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, respectively.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Preparation methods of consolidated financial statements (continued)

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

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

As for subsidiaries acquired by business merger under 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.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

The Group's joint arrangements include joint operations and joint ventures. For projects in 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.

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 directly, 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.

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.

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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.

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 on the date of derecognition 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.

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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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(2) Financial liabilities (continued)

2) *Derecognition conditions of financial liabilities*

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

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 are unadjusted quoted prices in active markets for identical assets or liabilities on the measurement date; Level 2-inputs are inputs 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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(2) Financial liabilities (continued)

4) *Offset of financial assets and financial liabilities*

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

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

The Group distinguishes financial liabilities and equity instruments according to the following principles: 1) if the Group cannot unconditionally avoid fulfilling a contractual obligation by paying cash or other financial assets, the contractual obligation is consistent with the definition of financial liability. Some financial instruments, although not explicitly containing the terms and conditions of settling cash or other financial assets obligations, may indirectly form contractual obligations through other terms and conditions; 2) if a financial instrument is required or can be settled by the Group's own equity instruments, it is necessary to consider the Group's own equity instruments used to settle the instrument as to 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 is required to or may settle 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.

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(2) Financial liabilities (continued)

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

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 financial liabilities which resulted from the instrument, 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 by the Group 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 the Group does not recognize changes in the fair value of equity instruments when it is issued (including refinancing), repurchased, sold or canceled.

11. Notes receivable

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

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

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

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Notes receivable (continued)

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, it 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.

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 reviewed the appropriateness of the provision for bad debts of accounts receivable in previous years based on the Group’s historical bad debt loss. The Group considered that there is a correlation between the probability of default and the aging, and the aging is still an indicator of whether the credit risk of the Group’s accounts receivable has increased significantly. Therefore, the credit risk loss of the Group’s accounts receivable is estimated based on the aging and the original loss ratio for the previous years. The accounting estimation policies of the Group to measure the expected credit loss of accounts receivable are as follows:

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Provision for bad debt of receivables (continued)

(2) Measurement of expected credit loss

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

Where the Group actually incurs credit loss and determines that the relevant accounts receivable cannot be recovered, if the receivables have been approved for cancellation after verification, the Group shall debit the “provision for bad debt” and credit the “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 period, the accounting estimation policies of the Group 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 the book value of accounts receivable written off and relevant taxes is recognised in the current profit or loss.

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 that of the basic borrowing arrangements.

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Receivables financing (continued)

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 or 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, 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.

14. Inventories

The Group's inventories mainly include raw materials, packaging materials, low-value consumables, goods in stock, works in progress, semi-finished goods, commissioned processing materials, wind power and PV power plants, etc.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Inventories (continued)

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 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.

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

Where the Group actually incurs credit loss and determines that the relevant contract assets cannot be recovered, if the contract assets have been approved for cancellation after verification, the Group shall debit the "provision for the impairment of contract assets" and credit the "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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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.

(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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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.

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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Long-term equity investments (continued)

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, the Group will conduct accounting treatment on each transaction as one transaction which obtains the control right if the transactions belong to a package deal. If the transactions do not belong to a package deal, the sum of the book value of equity investment held originally and additional investment costs shall be the initial investment cost whose calculation method is changed to cost method. If the equity held before the acquisition date is calculated by the equity method, the related other comprehensive income originally calculated by the equity method shall not be adjusted; and the accounting method shall be applied as per the same basis as that of directly disposing of related assets or liabilities of the investee when disposing of the investment. If the equity held before the acquisition date is designated as non-transactional equity instrument investments at fair value through other comprehensive income, the accumulative change in fair value originally included in other comprehensive income shall not be transferred into the current profit or loss.

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

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Long-term equity investments (continued)

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

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

Where the common control or significant influence over the investee is lost due to the partial disposal of equity investment or other reasons, and the residual equity after disposal is 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.

For the loss of the control of the investee 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 investee, 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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Long-term equity investments (continued)

For each transaction where equity is disposed by the Group in stages until loss of control and which does not belong to a package transaction, the accounting for each transaction shall be conducted separately. For those belong to a 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 uses the cost method, consistent with the subsequent measurement of fixed assets; the subsequent measurement of land use rights uses the cost method, 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 benefits are expected from the disposal, the recognition of the investment properties shall be terminated. The disposal income from selling, transferring, discarding or damaging the investment properties shall be deducted by the book value and relevant taxes thereof and then included in the current profit or loss.

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; the cost for self-constructing the fixed assets consist 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 in the investment contract or agreement, but the unfair value agreed 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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Fixed assets (continued)

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.

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) Routine repair costs related to fixed assets that do not qualify as capitalized subsequent expenditure 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 separately 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 profits or losses. (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 separately 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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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.

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 shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension lasts for a continuous period of more than 3 months, until the acquisition, construction or production of the asset is resumed.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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.

(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.

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Right-of-use assets (continued)

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

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.

24. Intangible assets

Intangible assets include land use rights, proprietary technology and software, 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 proprietary 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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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.

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 discussed 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.

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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 material changes of the economic, technological or legal environment which enterprise operates and the market in which the asset is located; (3) the market interest rate or other market investment return rate has increased in the current period, which affects the discount rate for 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 or the operating profit (or loss) realized by the asset is much lower (or higher) than the expected amount; (7) other indicators that assets may have been impaired.

27. Goodwill

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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. If the customer has already paid the contract consideration, or the Group has obtained unconditional right to receive the contract consideration before the Group transfers goods to a customer, the contract liabilities shall be recognized based on the amount received or receivable at the earlier of the date of actual payment from the customer and the due date of payment.

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 the 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.

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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 Group cannot withdraw unilaterally the termination benefits provided for the termination plan of labor relations or cutback suggestions, or when the Group 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 recognition 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. Otherwise, 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, discount of commercial acceptance bills, 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.

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.

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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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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, no adjustment will be made for relevant costs or expenses and total owner's equity that have been recognized.

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 Group 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 for the remaining vesting period are recognized during the period of cancellation of such equity instrument granted.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

34. Special reserve

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

When the Group use the withdrawn safety expenditures, those being expenses in nature will directly debit to specific reserve, and those forming into fixed assets and deriving from the collection of construction in progress are recognized as fixed assets when the safety projects are completed and reach their intended use. Meanwhile, specific reserve is written down through the costs of forming fixed assets, and the same amount is recognized to accumulated depreciation. For these fixed assets, there will be no further depreciation in the subsequent periods.

35. Revenue recognition principles

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

The Group recognizes revenue when a performance obligation in the contract is satisfied, i.e. when control of the goods or services 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. Amounts expected to be refunded to customers will be recognized as liabilities, and will not be 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 at 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 at the inception, if the Group expects 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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

35. Revenue recognition principles (continued)

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

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

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

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

- (1) The Group has a present right to receive the payment in respect of the goods or services.
- (2) The Group has transferred the legal title of the goods to customers.
- (3) The Group has transferred physical possession of the goods to customers.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

35. Revenue recognition principles (continued)

- (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)

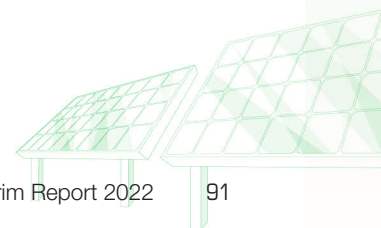
- (2) For the development and construction business of wind power and PV power plants, the Group assesses contracts at their effective dates and determines whether the relevant contract performance obligations meet the condition to “performance over time”.

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 total 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) Sales revenue from 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.



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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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).

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, balance of the relevant unallocated deferred income is 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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

37. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are recognized by calculating the difference (temporary difference) between the tax base and the book value thereof. As for taxable income with deductible loss and tax deduction that can be deducted in subsequent years as specified by tax laws, corresponding deferred income tax assets will be recognized based on the temporary difference. Deferred income tax assets and liabilities are measured at the applicable tax rate during the anticipated period for withdrawing such assets or during the period for paying off such liabilities on the balance sheet date. The Group recognizes the 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.

38. Lease

(1) Identification of lease

Lease refers to a contract under which the leaser 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 a lease or contains a lease. In order to determine whether the right to control the use of the identified assets within a certain period of time has been transferred in the contract, the Group assesses whether the customers in the contract are entitled to substantially all economic benefits arising from the use of the identified assets and have the right to dominate the use of identified assets during the period of use.

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

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

38. Lease (continued)

(2) The Group as lessee

On the beginning date of the lease term, the Group recognizes the right-of-use 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.

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 of the modification of lease, 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 interest rate implicit in the lease for the remaining lease period cannot be readily determined, the lessee's incremental borrowing rate on the effective date of modification of lease shall then be used by the Group as the discount rate. 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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

38. Lease (continued)

(2) The Group as lessee (continued)

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

For short-term leases with a lease period of not more than 12 months and 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.

(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 is classified as a finance lease or an operating lease on the lease commencement date.

The lessor classified a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the 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 assets (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 classify it 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 fair value fluctuations in the residual value of assets belong to the lessee; ③ The lessee can continue to lease at a rent far below the market level to the next period.

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

38. Lease (continued)

(3) The Group as a lessor (continued)

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.

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 transferring the right to use 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 ratio on the start date 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 amount to be paid by the lessee for exercising the option to terminate the lease, 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.

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

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 according to the contractual situation.

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

If a rent-free period is provided, the total rental will be allocated by the Group on a straight-line basis over the entire lease term, without excluding the rent-free period, rental fees shall be 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 allocated over the lease term according to the balance of the rental income after deduction.

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

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)

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 for amortization.

Variable lease payments

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

Operating lease 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 lease before modification as part of the lease receipts for the new lease.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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.
- (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.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

39. Held-for-sale (continued)

- (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.

- (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.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

40. Hedge Accounting (continued)

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.

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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

41. Accounting for income tax

Income tax is accounted for using the balance sheet liabilities approach. 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;
- (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.

Notes to the Financial Statements

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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.

44. Changes in significant accounting policies and accounting estimates

- (1) Changes in significant accounting policies: Nil
- (2) Changes in significant accounting estimates: Nil.

V. TAXATION

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

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

Notes to the Financial Statements

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

V. TAXATION (continued)

2. Key tax preference and approvals

(1) Value-added tax

According to the Announcement of the MOF and the State Administration of Taxation on VAT Policies for Promoting the Bailout and Development of Difficult Industries in the Service Industry (Announcement [2022] No. 11 of the MOF, the State Taxation Administration and the General Administration of Customs), the Article 7 of the Announcement of the MOF, the State Taxation Administration, and the General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform (Announcement [2019] No. 39 of the MOF, the State Taxation Administration and the General Administration of Customs) and the Announcement of the MOF and the State Taxation Administration on Clarifying the Policies for the Supertax and Deduction of VAT in the Life Service Industry (Announcement [2019] No. 87 of the MOF and the State Taxation Administration) stipulated that the policies for the superposition and deduction of VAT in the production and life service industries shall be implemented and extended until 31 December 2022.

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

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

V. TAXATION (continued)

2. Key tax preference and approvals (continued)

(1) Value-added tax (continued)

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

(2) Enterprise income tax

1) Preferential tax treatment for hi-tech enterprises

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

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

V. TAXATION (continued)

2. Key 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), Xinjiang Jingshuo New Materials Co., Ltd. (新疆晶碩新材料有限公司), a subsidiary of the Company, was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Bureau of Xinjiang Uygur Autonomous Region, with the certificate number GR201965000055, issued on 29 September 2019, all valid for three years, and Xinjiang Jingshuo New Materials Co., Ltd. (新疆晶碩新材料有限公司) had paid the enterprise income tax at the rate of 15% for January to June in 2022.

According to the Notice of the Ministry of Science and Technology, the MOF and the State Administration of Taxation on the Revision and Issuance of the Administrative Measures for Determination of High-Tech Enterprises (Guo Ke Fa Huo [2016] No. 32), Xinjiang Xinte Xinneng Materials Co., Ltd. (新疆新特新能材料檢測中心有限公司), a subsidiary of the Company, was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Bureau of Xinjiang Uygur Autonomous Region, with the certificate number GR202065000064, issued on 19 October 2020, all valid for three years, and the enterprise income tax rate applicable for January to June in 2022 was 15%.

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. (新疆新特新能建材有限公司), a subsidiary of the Company, was jointly recognized as a national high-tech enterprise by the Department of Science and Technology, Department of Finance and Taxation Bureau of Xinjiang Uygur Autonomous Region, with the certificate number GR202065000038, issued on 19 October 2020, all valid for three years, and the enterprise income tax rate applicable for January to June in 2022 was 15%.

V. TAXATION (continued)

2. Key tax preference and approvals (continued)

(2) Enterprise income tax (continued)

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

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

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

V. TAXATION (continued)

2. Key tax preference and approvals (continued)

(2) Enterprise income tax (continued)

3) Preferential enterprise income tax treatment for public infrastructure projects

According to the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China, Caishui [2008] 46, Caishui [2008] 116, Guo Shui Fa (2009) 80 and other documents, incomes from investments in and operation of public infrastructure projects that satisfy the scope, conditions and standards specified in the Catalogue of Public Infrastructure Projects Enjoying Preferential Enterprise Income Tax (Caishui [2008] 46) (the "Catalogue") shall, commencing from the taxable year in which such project receives its first business income, are exempted from enterprise income tax from the first year to the third year, and are entitled to a 50% reduction in enterprise income tax from the fourth year to the sixth year. The companies that are entitled to the above preferential enterprise income tax treatment are showed as the following table:

| Name of company | Exemption period of income tax | 50% reduction-period of income tax | Remarks |
|---|--------------------------------|------------------------------------|---------|
| Ruicheng County Huiyuan Power Generation Co., Ltd. (芮城縣輝源發電有限責任公司) | 2017–2019 | 2020–2022 | |
| Xi'an Guangcheng Electricity Sales Co., Ltd., (西安光成售電有限公司) | 2018–2020 | 2021–2023 | |
| Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限責任公司) | 2018–2020 | 2021–2023 | |
| Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司) | 2017–2019 | 2020–2022 | |
| Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司) | 2018–2020 | 2021–2023 | |
| Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司) | 2020–2022 | 2023–2025 | |
| Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新圓新能源有限公司) | 2021–2023 | 2024–2026 | |
| Zhengxiangbaiqi Fengsheng Power Generation Co., Ltd. (正鑲白旗風盛發電有限公司) | 2021–2023 | 2024–2026 | |
| Mulei Jiayu Fengsheng Power Co., Ltd. (木壘縣嘉裕風晟發電有限公司) | 2021–2023 | 2024–2026 | |
| Chongren County Huafeng Power Generation Co., Ltd. (崇仁縣華風發電有限公司) | 2021–2023 | 2024–2026 | |
| Mulei County Xinte Huineng Power Generation Co., Ltd. (木壘縣新特匯能發電有限責任公司) | 2021–2023 | 2024–2026 | |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

V. TAXATION (continued)

2. Key tax preference and approvals (continued)

(2) Enterprise income tax (continued)

3) Preferential enterprise income tax treatment for public infrastructure projects

| Name of company | Exemption period of income tax | 50% reduction-period of income tax | Remarks |
|--|--------------------------------|------------------------------------|---------|
| Heze Mudan District Haofeng New Energy Co., Ltd. (菏澤市牡丹區浩風新能源有限公司) | 2021–2023 | 2024–2026 | |
| Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司) | 2021–2023 | 2024–2026 | |
| Wuqi County Huaguang New Energy Co., Ltd. (吳起縣華光新能源有限公司) | 2021–2023 | 2024–2026 | |
| Zhidan County Xinsheng PV Technology Co., Ltd. (志丹縣新晟光伏科技有限公司) | 2020–2022 | 2023–2025 | |
| Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司) | 2021–2023 | 2024–2026 | |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

V. TAXATION (continued)

2. Key tax preference and approvals (continued)

(2) Enterprise income tax (continued)

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

According to the Notice of Implementing Inclusive Tax Relief Policy for Small and Micro Size Enterprises (Cai Shui [2019] No. 13) issued by the MOF and the State Administration of Taxation, from 1 January 2019 to 31 December 2021, small-scale VAT taxpayers with monthly sales of up to RMB100,000 (inclusive) shall be exempted from VAT for further supporting the development of small and low-profit enterprises; for the part of small and low-profit enterprises whose annual taxable income does not exceed RMB1 million, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%; for the part of annual taxable income exceeding RMB1 million but not exceeding RMB3 million, it shall be included in the taxable income at a reduced rate of 50% and the enterprise income tax shall be paid at the tax rate of 20%. According to the Notice of the State Administration of Taxation on Issues Concerning the Implementation of Preferential Income Tax Policies to Support the Development of Small and Low-Profit Enterprises and Individual Business (SAT Notice 2021 No. 8), from 1 January 2021 to 31 December 2022, for the part of small and low-profit enterprises whose annual taxable income does not exceed RMB1 million, 12.5% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. According to clause I of the Announcement of the MOF and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Announcement of the MOF and the SAT 2022 No. 13), for the part of small and low-profit enterprises whose annual taxable income exceeding RMB1 million but not exceeding RMB3 million, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%.

Xinjiang Information Technology Co., Ltd. (新疆知信科技有限公司), Xinjiang Changhe Yangguang Property Services Co., Ltd. (新疆昌和陽光物業服務有限公司), Xinjiang Shahai Green Energy Services Co., Ltd. (新疆沙海綠色能源服務有限公司), Xinjiang Silicon-based New Material Innovation Center Co., Ltd. (新疆硅基新材料創新中心有限公司), Urumqi Strategic Emerging Industry Xinte Energy Leading Fund (LLP) (烏魯木齊戰略性新興產業新特能源引導基金(有限合夥)), Urumqi Huaguang Guangsheng Power Technology Co., Ltd. (烏魯木齊華光光盛電力科技有限公司) and Ningxia Guangyu Technology Co., Ltd. (寧夏光煜科技有限公司), 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 from January to June 2022.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 period” represents 1 January 2022, “closing” or “end of the period” represents 30 June 2022, “current period” represents the period from 1 January to 30 June 2022, “previous period” represents the period from 1 January to 30 June 2021, all figures are stated in RMB.

1. Monetary capital

| Items | Closing balance | Opening balance |
|--|-------------------------|-------------------------|
| Cash in hand | 0.00 | 0.00 |
| Bank deposits | 5,223,076,127.09 | 3,192,107,888.60 |
| Other monetary capital | 1,926,059,853.85 | 2,186,904,067.03 |
| Total | 7,149,135,980.94 | 5,379,011,955.63 |
| Including: Total amount deposited overseas | 122,811,558.46 | 52,157,920.02 |

Restricted monetary capital

| Items | Closing balance | Opening balance |
|---|-------------------------|-------------------------|
| Security deposits for bank acceptance notes | 1,335,138,135.64 | 863,957,293.09 |
| Term deposits or call deposits | 338,486,366.10 | 1,201,755,007.71 |
| Futures deposits | 95,362,351.26 | 0.00 |
| Security deposits for the letter of guarantee | 74,340,170.09 | 63,667,144.00 |
| Funds frozen by the court | 26,397,316.39 | 32,550,000.00 |
| Special funds under shared accounts | 51,689,714.70 | 18,042,575.09 |
| Foreign exchange margin | 4,645,799.67 | 6,501,706.50 |
| Deposits for bank credit letter | 0.00 | 430,340.64 |
| Total | 1,926,059,853.85 | 2,186,904,067.03 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 | 1,371,635,644.40 | 76,985,909.10 |
| Including: Investments in equity instruments | 66,908,941.06 | 74,181,946.75 |
| Derivative financial assets | 4,171,564.98 | 2,803,962.35 |
| Structured deposits | 1,300,555,138.36 | 0.00 |
| Total | 1,371,635,644.40 | 76,985,909.10 |

3. Notes receivable

(1) Notes receivable by category

| Items | Closing balance | Opening balance |
|------------------------|-------------------------|-------------------------|
| Bank acceptance notes | 1,987,194,866.62 | 1,723,732,933.33 |
| Trade acceptance notes | 32,409,853.23 | 78,777,413.73 |
| Total | 2,019,604,719.85 | 1,802,510,347.06 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Notes receivable (continued)

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

| Items | Pledged amount at the end of the period |
|------------------------|---|
| Bank acceptance notes | 465,538,857.84 |
| Trade acceptance notes | 0.00 |
| Total | 465,538,857.84 |

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

| Items | Amount derecognized at the end of the period | Amount not derecognized at the end of the period |
|------------------------|--|--|
| Bank acceptance notes | 0.00 | 601,818,161.99 |
| Trade acceptance notes | 0.00 | 9,412,193.00 |
| Total | 0.00 | 611,230,354.99 |

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

Nil.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Notes receivable (continued)

(5) Method of provision for bad debts by category

| Category | Book balance | | Closing balance Provision for bad debts | | Carrying amount |
|---|-------------------------|----------------|--|--------------------------|-------------------------|
| | Amount | Percentage (%) | Amount | Provision percentage (%) | |
| Bad debt provision made on individual basis | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Bad debt provision made on a collective basis | 2,040,004,767.51 | 100.00 | 20,400,047.66 | 1.00 | 2,019,604,719.85 |
| Including: Bank acceptance notes | 2,007,267,542.04 | 98.40 | 20,072,675.42 | 1.00 | 1,987,194,866.62 |
| Trade acceptance notes | 32,737,225.47 | 1.60 | 327,372.24 | 1.00 | 32,409,853.23 |
| Total | 2,040,004,767.51 | 100.00 | 20,400,047.66 | | 2,019,604,719.85 |

| Category | Book balance | | Opening balance Provision for bad debts | | Carrying amount |
|---|-------------------------|----------------|--|--------------------------|-------------------------|
| | Amount | Percentage (%) | Amount | Provision percentage (%) | |
| Bad debt provision made on individual basis | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Bad debt provision made on a collective basis | 1,820,717,522.29 | 100.00 | 18,207,175.23 | 1.00 | 1,802,510,347.06 |
| Including: Bank acceptance notes | 1,741,144,377.10 | 95.63 | 17,411,443.77 | 1.00 | 1,723,732,933.33 |
| Trade acceptance notes | 79,573,145.19 | 4.37 | 795,731.46 | 1.00 | 78,777,413.73 |
| Total | 1,820,717,522.29 | 100.00 | 18,207,175.23 | — | 1,802,510,347.06 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Notes receivable (continued)

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

| Category | Opening balance | Changes of the current period | | | Closing balance |
|------------------------|-----------------|-------------------------------|-----------------------|------------------------------|-----------------|
| | | Accrued | Recovered or reversed | Carry-forward or written off | |
| Bank acceptance notes | 17,411,443.77 | 2,661,231.65 | 0.00 | 0.00 | 20,072,675.42 |
| Trade acceptance notes | 795,731.46 | -468,359.22 | 0.00 | 0.00 | 327,372.24 |
| Total | 18,207,175.23 | 2,192,872.43 | 0.00 | 0.00 | 20,400,047.66 |

(7) Notes receivable written off in the current period

Nil.

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 (%) | 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 | 6,793,918,512.07 | 100.00 | 478,453,174.55 | 7.04 | 6,315,465,337.52 |
| Including: Portfolio of aging | 3,420,056,496.10 | 50.34 | 274,623,005.90 | 8.03 | 3,145,433,490.20 |
| Portfolio of electricity and subsidies | 3,373,862,015.97 | 49.66 | 203,830,168.65 | 6.04 | 3,170,031,847.32 |
| Total | 6,793,918,512.07 | 100.00 | 478,453,174.55 | — | 6,315,465,337.52 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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)

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

(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) | 2,516,476,359.83 | 50,329,527.19 | 2.00 |
| 1 year to 2 years (inclusive) | 500,090,872.93 | 25,004,543.66 | 5.00 |
| 2 years to 3 years (inclusive) | 46,669,883.04 | 9,333,976.61 | 20.00 |
| 3 years to 4 years (inclusive) | 38,230,894.57 | 11,469,268.37 | 30.00 |
| 4 years to 5 years (inclusive) | 280,205,591.33 | 140,102,795.67 | 50.00 |
| Over 5 years | 38,382,894.40 | 38,382,894.40 | 100.00 |
| Total | 3,420,056,496.10 | 274,623,005.90 | — |

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From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

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

| Aging | Opening balance | | Provision percentage (%) |
|--------------------------------|-------------------------|-----------------------|--------------------------|
| | Accounts receivable | Bad debt provision | |
| Within 1 year (inclusive) | 3,022,030,804.41 | 60,440,616.08 | 2.00 |
| 1 year to 2 years (inclusive) | 375,267,702.77 | 18,763,385.14 | 5.00 |
| 2 years to 3 years (inclusive) | 70,880,736.42 | 14,176,147.27 | 20.00 |
| 3 years to 4 years (inclusive) | 198,657,098.02 | 59,597,129.41 | 30.00 |
| 4 years to 5 years (inclusive) | 224,845,122.29 | 112,422,561.15 | 50.00 |
| Over 5 years | 20,238,333.29 | 20,238,333.29 | 100.00 |
| Total | 3,911,919,797.20 | 285,638,172.34 | — |

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

Among the portfolio of electricity and subsidies, upon taking into account the aging situation, the Company discounted the book balance of the portfolio of electricity and subsidies based on the decline of 10% of the five-year LPR during the Reporting Period, and calculated the expected credit loss based on the difference between book value and discounted amount.

| Item | Closing balance | | Provision percentage (%) |
|--|-------------------------|-----------------------|--------------------------|
| | Accounts receivable | Bad debt provision | |
| Portfolio of electricity and subsidies | 3,373,862,015.97 | 203,830,168.65 | 6.04 |

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

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(4) Accounts receivable by aging based on recording dates

| Aging | Closing balance | Opening balance |
|--------------------------------|-------------------------|-------------------------|
| Within 1 year (inclusive) | 4,089,705,861.73 | 4,350,167,515.00 |
| 1 year to 2 years (inclusive) | 1,343,690,728.49 | 940,520,543.03 |
| 2 years to 3 years (inclusive) | 556,122,711.31 | 618,125,502.94 |
| 3 years to 4 years (inclusive) | 451,482,323.34 | 342,224,496.83 |
| 4 years to 5 years (inclusive) | 314,533,992.80 | 226,828,878.94 |
| Over 5 years | 38,382,894.40 | 20,238,333.29 |
| Total | 6,793,918,512.07 | 6,498,105,270.03 |

(5) Bad debt provision for accounts receivable

| Category | Opening balance | Accrued | Changes of the current period | | Others | Closing balance |
|--|-----------------------|----------------------|-------------------------------|------------------------------|----------------------|-----------------------|
| | | | Recovered or reversed | Carry-forward or written off | | |
| Bad debt provision made on accounts receivable | 394,795,818.02 | 61,905,524.41 | – | 505,473.50 | 22,257,305.62 | 478,453,174.55 |
| Total | 394,795,818.02 | 61,905,524.41 | – | 505,473.50 | 22,257,305.62 | 478,453,174.55 |

Note: Other changes in bad debt provision of the period in an amount of RMB22,257,305.62 was due to the addition of bad debt provision for accounts receivable arising from the acquisition of 100% equity interest in Xuyi High Drive Wind Power Co., Ltd. * (盱眙高傳風力發電有限公司) by Sunoasis, a subsidiary of the Company, through auction during the Reporting Period, which was included in the scope of the consolidated statements.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(6) Particulars of the top five of balances of accounts receivable presented by debtors

| Name of entity | Closing balance | Aging | Percentage to the total closing balance of accounts receivable (%) | Closing balance of provision for bad debts |
|--|-------------------------|----------------|--|--|
| State Grid Xinjiang Electric Power Co., Ltd. (國網新疆電力有限公司) | 1,804,326,107.13 | Within 5 years | 26.56 | 117,591,951.85 |
| Inner Mongolia Power (Group) Co., Ltd. (內蒙古電力(集團)有限責任公司) | 379,487,432.21 | Within 4 years | 5.59 | 16,819,531.45 |
| North China Branch of State Grid Corporation of China (國家電網有限公司華北分部) | 334,868,300.98 | Within 2 years | 4.93 | 7,880,270.47 |
| Guyuan Guangsheng PV Power Generation Co., Ltd. (沽源縣光晟光伏發電有限公司) | 331,133,556.51 | Within 1 year | 4.87 | 6,622,671.13 |
| State Grid Shanxi Electric Power Company (國網山西省電力公司) | 295,327,086.15 | Within 5 years | 4.35 | 17,292,285.07 |
| Total | 3,145,142,482.98 | — | 46.30 | 166,206,709.97 |

5. Receivables financing

| Items | Closing balance | Opening balance |
|----------------------------------|-------------------------|-------------------------|
| Notes receivable | 4,006,582,114.30 | 3,608,991,052.55 |
| Factoring of accounts receivable | 0.00 | 0.00 |
| Total | 4,006,582,114.30 | 3,608,991,052.55 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Prepayments

(1) Aging of prepayments

| Items | Closing balance | | Opening balance | |
|--------------------|-------------------------|----------------|-----------------------|----------------|
| | Amount | Percentage (%) | Amount | Percentage (%) |
| Within 1 year | 1,022,191,399.65 | 96.64 | 469,780,284.89 | 92.79 |
| 1 year to 2 years | 27,738,226.57 | 2.62 | 29,166,218.88 | 5.76 |
| 2 years to 3 years | 3,430,371.57 | 0.32 | 3,308,174.43 | 0.65 |
| Over 3 years | 4,456,001.98 | 0.42 | 4,030,774.93 | 0.80 |
| Total | 1,057,815,999.77 | 100.00 | 506,285,453.13 | 100.00 |

(2) Significant prepayments with aging of over 1 year

| Name of entity | Closing balance | Amount of over 1 year | Aging | Reason for unsettlement |
|--|----------------------|-----------------------|--------------------|--|
| The People's Government of Dige Town in Yicheng District, Zaozhuang City (棗莊市嶧城區底閣鎮人民政府) | 11,691,400.00 | 8,127,800.00 | Within 2 years | The performance of contract has not been completed |
| Jianhua Building Materials (Hubei) Sales Co., Ltd. (建華建材(湖北)銷售有限公司) | 8,081,056.28 | 2,366,123.78 | Within 2 years | The performance of contract has not been completed |
| Xinjiang Tebian Group Logistics Co., Ltd. (新疆特變電工集團物流有限公司) | 4,680,000.00 | 4,680,000.00 | 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) | 2,791,174.88 | 2,791,174.88 | 3 years to 4 years | The performance of contract has not been completed |
| Anhui Jinmeiya New Building Materials Co., Ltd. (安徽金美亞新型建材有限公司) | 2,752,198.50 | 2,259,840.00 | Within 2 years | The performance of contract has not been completed |
| Total | 29,995,829.66 | 20,224,938.66 | — | — |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Prepayments (continued)

(3) Particulars of the top five of closing balance of prepayments presented by prepayment objects

| Name of entity | Closing balance | Aging | Percentage to the total closing balance of prepayments (%) |
|--|-----------------------|---------------|--|
| Hami Goldwind Wind Power Equipment Manufacture Co., Ltd. (哈密金風風電設備有限公司) | 61,500,000.00 | Within 1 year | 10.44 |
| Envision Energy Co., Ltd. (遠景能源有限公司) | 43,574,040.00 | Within 1 year | 7.39 |
| Canadian Solar Manufacturing (Changshu) Inc. (常熟阿特斯陽光電力科技有限公司) | 36,544,004.65 | Within 1 year | 6.02 |
| Gansu Yunfeng Smart Wind Power Equipment Co., Ltd. (甘肅省雲風智慧風電設備有限公司) | 34,000,000.00 | Within 1 year | 5.77 |
| Inner Mongolia Power (Group) Co., Ltd. Baotou Power Supply Branch (內蒙古電力(集團)有限公司包頭供電分公司) | 28,586,089.08 | Within 1 year | 4.85 |
| Total | 204,204,133.73 | — | 34.65 |

7. Other receivables

| Items | Closing balance | Opening balance |
|----------------------|-----------------------|-----------------|
| Dividends receivable | 81,118,561.69 | 96,264,269.15 |
| Other receivables | 327,112,863.42 | 860,322,199.56 |
| Total | 408,231,425.11 | 956,586,468.71 |

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other receivables (continued)

7.1 Dividends receivable

(1) Dividends receivable by category

| Items | Closing balance | Opening balance |
|---|----------------------|----------------------|
| Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司) | 20,908,906.98 | 20,908,906.98 |
| Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公司) | 17,657,748.51 | 17,657,748.51 |
| Xuwen Haoneng PV Power Generation Co., Ltd. (徐聞縣昊能光伏發電有限公司) | 17,344,905.91 | 17,344,905.91 |
| Chabuchaer Huaguang Power Generation Co., Ltd. (察布查爾華光發電有限責任公司) | 168,774.91 | 15,314,482.37 |
| Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司) | 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 | 7,559,818.83 |
| Wujiaqu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司) | 5,698,292.32 | 5,698,292.32 |
| Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司) | 905,417.52 | 905,417.52 |
| Total | 81,118,561.69 | 96,264,269.15 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other receivables (continued)

7.1 Dividends receivable (continued)

(2) Significant dividends receivable with aging of over 1 year

| Investees | Closing balance | Aging | Reason for non-recovery | Whether impairment is incurred and the basis of judgment |
|--|----------------------|--------------------|---|--|
| Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司) | 20,908,906.98 | 2 years to 3 years | Collection conditions have not been met | No |
| Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公司) | 17,657,748.51 | 1 year 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 | 2 years to 5 years | Collection conditions have not been met | No |
| Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司) | 10,874,696.71 | 2 years to 5 years | Collection conditions have not been met | No |
| Sichuan Ganzi Datang International New Energy Co., Ltd. (四川甘孜大唐國際新能源有限責任公司) | 7,559,818.83 | 4 years to 5 years | Collection conditions have not been met | No |
| Wujiaqu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司) | 5,698,292.32 | 1 year to 2 years | Collection conditions have not been met | No |
| Chabuachaer Huaguang Power Generation Co., Ltd. (察布查爾華光發電有限責任公司) | 168,774.91 | 1 year to 2 years | Collection conditions have not been met | No |
| Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司) | 905,417.52 | 1 year to 2 years | Collection conditions have not been met | No |
| Total | 81,118,561.69 | — | — | — |

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other receivables (continued)

7.2 Other receivables

(1) Other receivables by nature

| Nature | Book balance at the end of the period | Book balance at the beginning of the period |
|--|---------------------------------------|---|
| Advances | 63,252,533.23 | 677,782,811.66 |
| Deposits | 198,621,885.51 | 192,318,271.51 |
| Principals and interests of borrowings | 73,277,111.95 | 55,973,363.98 |
| Related-party transactions | 9,308,875.73 | 26,493,952.02 |
| Daily cash advances | 6,938,259.08 | 6,695,474.05 |
| Others | 4,012,126.16 | 3,088,886.47 |
| Total | 355,410,791.66 | 962,352,759.69 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other receivables (continued)

7.2 Other receivables (continued)

(2) *Bad debt provision made on other receivables*

| Bad debt provision | Stage 1 | Stage 2 | Stage 3 | Total |
|-----------------------------------|-------------------------------|---|--|----------------|
| | 12-month expected credit loss | Lifetime expected credit loss (without credit impairment) | Lifetime expected credit loss (with credit impairment) | |
| Opening balance | 0.00 | 20,068,966.14 | 81,961,593.99 | 102,030,560.13 |
| Opening balance during the period | 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 period | 0.00 | 5,870,605.20 | 0.00 | 5,870,605.20 |
| Reversed in current period | 0.00 | 0.00 | 0.00 | 0.00 |
| Carry-forward in current period | 0.00 | 0.00 | 0.00 | 0.00 |
| Written off in current period | 0.00 | 0.00 | 0.00 | 0.00 |
| Other changes | 0.00 | 0.00 | -79,603,237.09 | -79,603,237.09 |
| Closing balance | 0.00 | 25,939,571.34 | 2,358,356.90 | 28,297,928.24 |

Note: Other changes in bad debt provision of the period in an amount of RMB-79,603,237.09 represents the bad debt provision of Xuyi High Drive Wind Power Co., Ltd. (盱眙高傳風力發電有限公司) accrued previously. During the period, Sunoasis, a subsidiary of the Company, acquired 100% equity interest in Xuyi High Drive Wind Power Co., Ltd. (盱眙高傳風力發電有限公司) through auction, which was included in the scope of the consolidated statements and was transferred out.

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From 1 January 2022 to 30 June 2022

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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) | 291,619,777.84 | 338,511,488.08 |
| 1 year to 2 years (inclusive) | 34,225,434.88 | 53,910,662.90 |
| 2 years to 3 years (inclusive) | 9,060,923.89 | 201,669,268.89 |
| 3 years to 4 years (inclusive) | 386,195.65 | 209,266,030.41 |
| 4 years to 5 years (inclusive) | 2,571,968.26 | 156,049,448.27 |
| Over 5 years | 17,546,491.14 | 2,945,861.14 |
| Total | 355,410,791.66 | 962,352,759.69 |

(4) Bad debt provision for other receivables

| Category | Opening balance | Accrued | Changes of the current period | | Others | Closing balance |
|--|-----------------|--------------|-------------------------------|------------------------------|----------------|-----------------|
| | | | Recovered or reversed | Carry-forward or written off | | |
| Bad debt provision made on other receivables | 102,030,560.13 | 5,870,605.20 | 0.00 | 0.00 | -79,603,237.09 | 28,297,928.24 |
| Total | 102,030,560.13 | 5,870,605.20 | 0.00 | 0.00 | -79,603,237.09 | 28,297,928.24 |

(5) Other receivables written off in the current period

Nil.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other receivables (continued)

7.2 Other receivables (continued)

(6) Particulars of the top five of closing balances for other receivables presented by debtors

| Name of entity | Nature of amount | Closing balance | Aging | Percentage to the closing balance of other receivables (%) | Closing balance of bad debt provision |
|--|--|-----------------------|---------------|--|---------------------------------------|
| Zhangjiakou Qiaoxi Technology Industry and Trade Development Co., Ltd. (張家口市橋西科工貿開發有限公司) | Deposits | 50,000,000.00 | Within 1 year | 14.07 | 1,000,000.00 |
| Fuxin Coal Chemical Industry Base Management Committee(阜新市煤化工產業基地管理委員會) | Deposits | 24,000,000.00 | Within 1 year | 6.75 | 480,000.00 |
| Guyuan Guangsheng PV Power Generation Co., Ltd. (沽源縣光晟光伏發電有限公司) | Principals and interests of borrowings | 20,418,813.77 | Within 1 year | 5.75 | 408,376.29 |
| Gongan Zhuruishengxin New Energy Co., Ltd. (公安縣竹瑞晟鑫新能源有限公司) | Principals and interests of borrowings | 17,876,575.50 | Within 1 year | 5.03 | 357,531.51 |
| Guodian Longyuan Wuqi New Energy Co., Ltd. (國電龍源吳起新能源有限公司) | Advances | 16,625,808.00 | Within 1 year | 4.68 | 332,516.16 |
| Total | — | 128,921,197.27 | — | 36.28 | 2,578,423.96 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Inventories

(1) Inventories by category

| Items | Book balance | Closing balance Reserve for stock depreciation | Book value |
|---|-------------------------|--|-------------------------|
| Raw materials | 1,027,980,116.11 | 24,960,030.52 | 1,003,020,085.59 |
| Packaging materials and low-value consumables | 9,258,055.47 | 0.00 | 9,258,055.47 |
| Goods in stock | 257,711,478.74 | 28,712,118.46 | 228,999,360.28 |
| Work in progress and semi-finished goods | 583,582,420.55 | 13,986,939.92 | 569,595,480.63 |
| Materials processed on commission | 188,029,938.44 | 987,429.52 | 187,042,508.92 |
| Wind power and PV power plants | 1,561,867,425.19 | 272,544,651.33 | 1,289,322,773.86 |
| Total | 3,620,033,655.72 | 341,191,169.75 | 3,278,842,485.97 |

| Items | Book balance | Opening 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 |
| Wind power and PV power plants | 1,880,194,551.68 | 265,655,137.50 | 1,614,539,414.18 |
| Total | 4,030,308,509.37 | 312,085,108.71 | 3,718,223,400.66 |

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From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Inventories (continued)

(2) Reserve for stock depreciation

| Items | Opening balance | Increase in current period | | | Decrease in current period | | Closing balance |
|--|-----------------------|----------------------------|-------------|---------------------|----------------------------|-------------|-----------------------|
| | | Accrued | Others | Carry-forward | written off | Others | |
| Raw materials | 18,769,643.33 | 9,754,667.93 | 0.00 | 3,562,822.99 | 1,457.75 | 0.00 | 24,960,030.52 |
| Goods in stock | 16,810,419.48 | 14,974,519.35 | 0.00 | 1,254,008.96 | 1,818,811.41 | 0.00 | 28,712,118.46 |
| Work in progress and semi-finished goods | 10,849,908.40 | 3,137,031.52 | 0.00 | 0.00 | 0.00 | 0.00 | 13,986,939.92 |
| Wind power and PV power plants | 265,655,137.50 | 25,663,951.89 | 0.00 | 0.00 | 18,774,438.06 | 0.00 | 272,544,651.33 |
| Materials processed on commission | 0.00 | 987,429.52 | 0.00 | 0.00 | 0.00 | 0.00 | 987,429.52 |
| Total | 312,085,108.71 | 54,517,600.21 | 0.00 | 4,816,831.95 | 20,594,707.22 | 0.00 | 341,191,169.75 |

9. Contract assets

(1) Breakdown of contract assets

| Items | Book balance | Closing balance Provision for impairment | Book value |
|------------------------------------|-----------------------|--|-----------------------|
| Projects completed but not settled | 467,421,555.34 | 2,226,495.19 | 465,195,060.15 |
| Retention money | 344,124,994.91 | 36,882,777.19 | 307,242,217.72 |
| Total | 811,546,550.25 | 39,109,272.38 | 772,437,277.87 |

| Items | Book balance | Opening balance Provision for impairment | Book value |
|------------------------------------|-------------------------|--|-------------------------|
| Projects completed but not settled | 967,737,535.72 | 5,716,993.53 | 962,020,542.19 |
| Retention money | 287,145,473.87 | 27,331,156.51 | 259,814,317.36 |
| Total | 1,254,883,009.59 | 33,048,150.04 | 1,221,834,859.55 |

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VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Contract assets (continued)

(2) Provision for impairment of contract assets accrued in the current period

| Items | Opening balance | Accrued in current period | Reversed in current period | Carry-forward/ written off in current period | Other transfers | Closing balance |
|------------------------------------|-----------------|---------------------------|----------------------------|---|-----------------|-----------------|
| Projects completed but not settled | 5,716,993.53 | -3,490,498.34 | 0.00 | 0.00 | 0.00 | 2,226,495.19 |
| Retention money | 27,331,156.51 | 9,551,620.68 | 0.00 | 0.00 | 0.00 | 36,882,777.19 |
| Total | 33,048,150.04 | 6,061,122.34 | 0.00 | 0.00 | 0.00 | 39,109,272.38 |

10. Other current assets

| Items | Closing balance | Opening balance |
|-------------------------------|------------------|-----------------|
| Value-added tax credits | 1,078,345,825.43 | 512,677,566.01 |
| Prepaid enterprise income tax | 1,538,345.73 | 1,908,477.04 |
| Other prepaid taxes | 0.00 | 0.00 |
| Total | 1,079,884,171.16 | 514,586,043.05 |

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Other debt investments

| Items | Opening balance | Accrued interest | Changes in fair value | | Closing balance | Cost | Cumulative changes in fair value | Provision for loss cumulatively recognized in other comprehensive income |
|------------------------|-----------------|------------------|-----------------------|-----------------------------|-----------------|------|----------------------------------|--|
| | | | in current period | Recovered in current period | | | | |
| SUNRISEENERGYS. A. E. | 14,531,895.11 | 0.00 | 0.00 | -14,531,895.11 | 0.00 | 0.00 | 0.00 | 0.00 |
| RISINGSUNENERGYS. A. E | 20,492,073.03 | 0.00 | 0.00 | -20,492,073.03 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 35,023,968.14 | 0.00 | 0.00 | -35,023,968.14 | 0.00 | 0.00 | 0.00 | 0.00 |

| Items | Opening balance | Accrued interest | Changes in fair value | | Closing balance | Cost | Cumulative changes in fair value | Provision for loss cumulatively recognized in other comprehensive income |
|------------------------|-----------------|------------------|-----------------------|-----------------------------|-----------------|---------------|----------------------------------|--|
| | | | in current period | Recovered in current period | | | | |
| SUNRISEENERGYS. A. E. | 14,531,895.11 | 0.00 | 0.00 | 0.00 | 14,531,895.11 | 14,531,895.11 | 0.00 | 0.00 |
| RISINGSUNENERGYS. A. E | 26,132,082.71 | 0.00 | 0.00 | -5,640,009.68 | 20,492,073.03 | 20,492,073.03 | 0.00 | 0.00 |
| Total | 40,663,977.82 | 0.00 | 0.00 | -5,640,009.68 | 35,023,968.14 | 35,023,968.14 | 0.00 | 0.00 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term equity investments

| Investees | Opening balance | Additional investment | Decrease | Changes in current period | | Changes of other equity | Declaration of cash dividends or profits | Provision for impairment | Others | Closing balance | Closing balance of provision for impairment | Shareholding (%) | Proportion of voting right (%) |
|---|-----------------|-----------------------|----------------|--|--|-------------------------|--|--------------------------|--------|-----------------|---|------------------|--------------------------------|
| | | | | Profit or loss on investments recognized under the equity method | Adjustment of other comprehensive income | | | | | | | | |
| Joint venture | | | | | | | | | | | | | |
| 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) | 68,674,409.69 | 0.00 | 0.00 | 4,849,770.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 73,524,179.85 | 0.00 | 50.00 | 50.00 |
| Associates | | | | | | | | | | | | | |
| Jeminay Xinte Wind Power Co., Ltd. (吉木乃新特風電有限公司) | 18,001,715.71 | 0.00 | 0.00 | 5,837,711.63 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 23,839,427.34 | 0.00 | 49.00 | 49.00 |
| Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司) | 44,077,075.05 | 0.00 | 0.00 | 2,919,072.82 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 46,996,147.87 | 0.00 | 30.00 | 30.00 |
| Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司) | 59,237,636.41 | 41,454,000.00 | 0.00 | 8,066,758.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 108,758,395.13 | 0.00 | 49.00 | 49.00 |
| Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司) | 30,892,807.02 | 0.00 | 0.00 | 3,158,691.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 34,051,498.21 | 0.00 | 30.00 | 30.00 |
| Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司) | 36,699,227.82 | 0.00 | 0.00 | 2,924,320.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 39,623,548.54 | 0.00 | 30.00 | 30.00 |
| Xi'an Wucheng New Energy Power Co., Ltd. (西安吳城新能源發電有限公司) | 29,114,897.55 | 0.00 | 47,520,000.00 | 18,405,102.45 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Xi'an Xingwu Wind Power Co., Ltd. (西安興武風力發電有限公司) | 30,355,750.13 | 0.00 | 52,800,000.00 | 22,444,249.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Turpan TBEA New Energy Co., Ltd. (吐魯番特變電工新能源有限公司) | 68,282,430.51 | 0.00 | 0.00 | 5,839,626.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 74,122,057.23 | 0.00 | 48.00 | 48.00 |
| Wujiayu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司) | 15,033,029.36 | 0.00 | 0.00 | 1,364,989.58 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16,398,018.94 | 0.00 | 40.00 | 40.00 |
| Wujiayu TBEA PV Power Technology Co., Ltd. (五家渠特變電工光電科技有限責任公司) | 17,122,863.86 | 0.00 | 0.00 | 1,151,186.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18,274,050.36 | 0.00 | 40.00 | 40.00 |
| China Energy Xinjiang Ganquanpu Integrated Energy Co., Ltd. (國能新疆甘泉堡綜合能源有限公司) | 20,001,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 20,001,000.00 | 0.00 | 10.00 | 10.00 |
| Guyang Changlan Wind Power Co., Ltd. (國陽長蘭風力發電有限公司) | 0.00 | 4,000,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4,000,000.00 | 0.00 | 40.00 | 40.00 |
| Total | 437,492,843.11 | 45,454,000.00 | 100,320,000.00 | 76,961,480.36 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 459,588,323.47 | 0.00 | - | - |

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From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term equity investments (continued)

- Notes: (1) In June 2022, according to the articles of association of Guyang Changlan Wind Power Co., Ltd. (固陽縣長嵐風力發電有限公司) (“**Guyang Changlan**”), Guyang Fengmao Power Co., Ltd. (固陽縣風茂發電有限責任公司) (“**Guyang Fengmao**”), a subsidiary of Sunoasis (a subsidiary of the Company), jointly made capital contribution with Guyang Changezhi Energy Development Co., Ltd. (固陽縣長智能源發展有限公司) to Guyang Changlan. As of June 2022, Guyang Fengmao had contributed RMB4 million in total, with an aggregate shareholding of 40.00% upon the capital contribution.
- (2) In January 2022, according to the resolution on the extraordinary shareholders meeting of Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司) (“**Jiangyong Shenghua**”), Sunoasis (a subsidiary of the Company) and its subsidiary, TBEA South New Energy Technology Co., Ltd. (特變電工南方新能源科技有限公司) (“**TBEA South New Energy**”), Wuling Power Corporation Ltd. (五凌電力有限公司) and Hunan Zhongshui Investment Company Limited (湖南中水投資有限公司) jointly made capital increase to Jiangyong Shenghua. As of June 2021, Sunoasis and TBEA South New Energy had made capital increase of RMB41.454 million in total, with a total shareholding of 49.00% upon the capital increase.
- (3) In December 2021, Sunoasis (a subsidiary of the Company) entered into an equity transfer agreement with Huadian Henan New Energy Power Generation Co., Ltd. (華電河南新能源發電有限公司), transferring 40% equity interest it held in Xi’an Wucheng New Energy Power Co., Ltd. (西安吳城新能源發電有限公司) and Xi’an Xingwu Wind Power Co., Ltd. (西安興武風力發電有限公司), respectively. Upon the completion of transfer in March 2022, Sunoasis will no longer hold any equity interest in those companies.

13. 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 | 0.00 |
| Total | 1,000,000.00 | 1,000,000.00 |

14. Fixed assets

| Items | Carrying amount at the end of the period | Carrying amount at the beginning of the period |
|--------------------------|--|--|
| Fixed assets | 26,256,479,566.21 | 25,216,001,023.25 |
| Disposal of fixed assets | 0.00 | 0.00 |
| Total | 26,256,479,566.21 | 25,216,001,023.25 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets (continued)

(1) Breakdown of fixed assets

| Items | Buildings and structures | Machinery and equipment | Transportation facilities | Electronic equipment | Others | Total |
|--|--------------------------|-------------------------|---------------------------|----------------------|----------------|-------------------|
| I. Original book value | | | | | | |
| 1. Opening balance | 6,511,708,133.54 | 24,856,042,405.83 | 61,853,047.18 | 140,149,899.53 | 417,211,384.12 | 31,986,964,870.20 |
| 2. Increase in current period | 333,826,552.63 | 1,556,770,831.70 | 13,387,694.82 | 17,380,391.67 | 3,279,035.15 | 1,924,644,505.97 |
| (1) Acquisition | 0.00 | 29,900,807.20 | 13,387,694.82 | 7,429,876.31 | 3,271,342.84 | 53,989,721.17 |
| (2) Transfer from construction in progress | 274,289,733.01 | 1,134,042,711.33 | 0.00 | 9,943,906.81 | 7,692.31 | 1,418,284,043.46 |
| (3) Increase in business merger | 59,536,819.62 | 392,827,313.17 | 0.00 | 6,608.55 | 0.00 | 452,370,741.34 |
| (4) Other increases | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. Decrease in current period | 873,709.64 | 1,723,206.43 | 5,015,329.36 | 2,647.01 | 76,261.54 | 7,691,153.98 |
| (1) Disposal or retirement | 633,374.98 | 1,723,206.43 | 5,015,329.36 | 2,647.01 | 76,261.54 | 7,450,819.32 |
| (2) Decrease in business merger | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (3) Other decreases | 240,334.66 | 0.00 | 0.00 | 0.00 | 0.00 | 240,334.66 |
| 4. Closing balance | 6,844,660,976.53 | 26,411,090,031.10 | 70,225,412.64 | 157,527,644.19 | 420,414,157.73 | 33,903,918,222.19 |
| II. Accumulated depreciation | | | | | | |
| 1. Opening balance | 1,085,143,384.21 | 5,081,206,959.70 | 26,866,841.90 | 85,582,486.72 | 122,128,143.26 | 6,400,927,815.79 |
| 2. Increase in current period | 116,488,095.14 | 724,382,884.28 | 3,821,328.97 | 8,656,090.30 | 15,732,611.66 | 869,081,010.35 |
| (1) Accrual | 113,263,714.12 | 683,245,954.58 | 3,821,328.97 | 8,651,429.26 | 15,732,611.66 | 824,715,038.59 |
| (3) Increase in business merger | 3,224,381.02 | 41,136,929.70 | 0.00 | 4,661.04 | 0.00 | 44,365,971.76 |
| (3) Other increases | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. Decrease in current period | 197,531.52 | 631,733.37 | 3,153,241.07 | 2,514.65 | 71,222.96 | 4,056,243.57 |
| (1) Disposal or retirement | 197,531.52 | 631,733.37 | 3,153,241.07 | 2,514.65 | 71,222.96 | 4,056,243.57 |
| (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 |
| 4. Closing balance | 1,201,433,947.83 | 5,804,958,110.61 | 27,534,929.80 | 94,236,062.37 | 137,789,531.96 | 7,265,952,582.57 |
| III. Provision for impairment | | | | | | |
| 1. Opening balance | 3,516,788.85 | 351,124,744.06 | 262,299.46 | 6,479,009.17 | 8,653,189.62 | 370,036,031.16 |
| 2. Increase in current period | 0.00 | 9,690,580.01 | 55,706.61 | 293,495.05 | 1,411,222.12 | 11,451,003.79 |
| (1) Accrual | 0.00 | 9,690,580.01 | 55,706.61 | 293,495.05 | 1,411,222.12 | 11,451,003.79 |
| 3. Decrease in current period | 0.00 | 0.00 | 0.00 | 0.00 | 961.54 | 961.54 |
| (1) Disposal or retirement | 0.00 | 0.00 | 0.00 | 0.00 | 961.54 | 961.54 |
| 4. Closing balance | 3,516,788.85 | 360,815,324.07 | 318,006.07 | 6,772,504.22 | 10,063,450.20 | 381,486,073.41 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets (continued)

(1) Breakdown of fixed assets (continued)

| Items | Buildings and structures | Machinery and equipment | Transportation facilities | Electronic equipment | Others | Total |
|---|--------------------------|-------------------------|---------------------------|----------------------|----------------|-------------------|
| IV. Carrying amount | | | | | | |
| 1. Carrying amount at the end of the period | 5,639,710,239.85 | 20,245,316,596.42 | 42,372,476.77 | 56,519,077.60 | 272,561,175.57 | 26,256,479,566.21 |
| 2. Carrying amount at the beginning of the period | 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 |

(2) Temporarily idle fixed assets

| Items | Original book value | Accumulated depreciation | Provision for impairment | Carrying amount |
|--------------------------|-----------------------|--------------------------|--------------------------|----------------------|
| Buildings and structures | 67,888,480.40 | 31,159,472.22 | 912,890.51 | 35,816,117.67 |
| Machinery and equipment | 288,121,371.74 | 146,757,213.18 | 132,205,186.85 | 9,158,971.71 |
| Electronic equipment | 791,956.75 | 717,585.19 | 72,841.56 | 1,530.00 |
| Other equipment | 2,470,255.53 | 2,336,702.96 | 133,552.57 | 0.00 |
| Total | 359,272,064.42 | 180,970,973.55 | 133,324,471.49 | 44,976,619.38 |

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets (continued)

- (3) No fixed assets leased by financial leasing for the Reporting Period.
- (4) No fixed assets leased to others by operating leases for the Reporting Period.
- (5) No fixed assets held for sale for the Reporting Period.
- (6) **Fixed assets without certificate of title**

| Item | Carrying amount | Reason for not having the certificate of title |
|--------------------------|-----------------|---|
| Buildings and structures | 285,196,356.89 | The application and approval procedures are ongoing |

15. Construction in progress

| Items | At the end of the period | At the beginning of the period |
|--------------------------|--------------------------|--------------------------------|
| Construction in progress | 8,983,762,520.32 | 4,343,664,376.67 |
| Project materials | 92,057,639.00 | 226,151,512.83 |
| Total | 9,075,820,159.32 | 4,569,815,889.50 |

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From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 | Book balance | Closing balance Provision for impairment | Carrying amount |
|---|-------------------------|--|-------------------------|
| 100,000-ton-per-annum High-purity Polysilicon Green Energy Circular Economy Construction Project | 7,182,812,501.55 | 0.00 | 7,182,812,501.55 |
| Zhundong Industrial Park Phase I 100,000-ton Polysilicon Green Low-Carbon Circular Economy Project | 402,188,457.11 | 0.00 | 402,188,457.11 |
| Kete New Energy Kalpin 100 MW Photovoltaic and Energy Storage Power Generation Project | 198,495,201.51 | 0.00 | 198,495,201.51 |
| Hami Shisanjianfang Wind Farm Phase I 49.5MW Project | 177,765,059.23 | 0.00 | 177,765,059.23 |
| Yarkant Xinshang Energy 100 MW Photovoltaic On-grid Power and Energy Storage Facility Project | 167,709,418.32 | 0.00 | 167,709,418.32 |
| Hebei Shijiazhuang Xingtang 77MW Photovoltaic Power Generation Grid-Parity Project | 151,004,911.09 | 0.00 | 151,004,911.09 |
| Gansu Jiuquan Dunhuang 100MW On-grid Photovoltaic Power Generation Project | 150,128,995.97 | 0.00 | 150,128,995.97 |
| Wuwei Wusheng 150MW Photovoltaic Power Generation Project | 120,458,599.29 | 0.00 | 120,458,599.29 |
| Tieling Xifeng Baiyu Wind Power Project | 96,830,561.12 | 0.00 | 96,830,561.12 |
| Baotou Tumed Right Banner Land Governance and Agriculture-Photovoltaic Complement 300,000 KW Photovoltaic Demonstration Project | 50,237,342.70 | 0.00 | 50,237,342.70 |
| Shanxi Yuncheng Wenxi Liyuan 100MW Photovoltaic Project | 17,661,357.88 | 0.00 | 17,661,357.88 |
| Other projects | 268,470,114.55 | 0.00 | 268,470,114.55 |
| Total | 8,983,762,520.32 | 0.00 | 8,983,762,520.32 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 | Book balance | Opening 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 |
| 24,000-ton High-purity Polysilicon Transformation and Upgrading Project | 454,248,166.62 | 0.00 | 454,248,166.62 |
| 10,000-ton High-purity Polysilicon Green Circular Economy Project | 253,757,041.21 | 0.00 | 253,757,041.21 |
| Tieling Xifeng Baiyu Wind Power Project | 53,130,502.04 | 0.00 | 53,130,502.04 |
| TBEA Dunhuang 20MW Grid-Parity PV Power Project | 43,195,697.89 | 0.00 | 43,195,697.89 |
| Other projects | 178,179,224.88 | 0.00 | 178,179,224.88 |
| Total | 4,343,664,376.67 | 0.00 | 4,343,664,376.67 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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

| Project name | Opening balance | Increase in current period | Decrease in current period | | Closing balance |
|--|------------------|----------------------------|----------------------------|-----------------|------------------|
| | | | Transfer to fixed assets | Other decreases | |
| Total | 4,343,664,376.67 | 6,058,382,187.11 | 1,418,284,043.46 | 0.00 | 8,983,762,520.32 |
| 100,000-ton-per-annum High-purity Polysilicon Green Energy Circular Economy Construction Project | 3,361,153,744.03 | 3,821,658,757.52 | 0.00 | 0.00 | 7,182,812,501.55 |
| Zhulong Industrial Park Phase I 100,000-ton Polysilicon Green Low-Carbon Circular Economy Project | 0.00 | 402,188,457.11 | 0.00 | 0.00 | 402,188,457.11 |
| Kete New Energy Kalpin 100 MW Photovoltaic and Energy Storage Power Generation Project | 0.00 | 198,495,201.51 | 0.00 | 0.00 | 198,495,201.51 |
| Hami Shisanjianfang Wind Farm Phase I 49.5 MW Project | 0.00 | 177,765,059.23 | 0.00 | 0.00 | 177,765,059.23 |
| Yarkant Xinshang Energy 100 MW Photovoltaic On-grid Power and Energy Storage Facility Project | 0.00 | 167,709,418.32 | 0.00 | 0.00 | 167,709,418.32 |
| Hebei Shijiazhuang Xingtang 77MW Photovoltaic Power Generation Grid-Parity Project | 0.00 | 151,004,911.09 | 0.00 | 0.00 | 151,004,911.09 |
| Gansu Jiuquan Dunhuang 100MW On-grid Photovoltaic Power Generation Project | 0.00 | 150,128,995.97 | 0.00 | 0.00 | 150,128,995.97 |
| Wuwei Wusheng 150MW Photovoltaic Power Generation Project | 0.00 | 120,458,599.29 | 0.00 | 0.00 | 120,458,599.29 |
| Tieling Xifeng Baiyu Wind Power Project | 53,130,502.04 | 43,700,059.08 | 0.00 | 0.00 | 96,830,561.12 |
| Baotou Turned Right Banner Land Governance and Agriculture-Photovoltaic Complement 300,000 KW Photovoltaic Demonstration Project | 0.00 | 50,237,342.70 | 0.00 | 0.00 | 50,237,342.70 |
| Shanxi Yuncheng Wenxi Liyuan 100MW Photovoltaic Project | 0.00 | 17,661,357.88 | 0.00 | 0.00 | 17,661,357.88 |
| 24,000-ton High-purity Polysilicon Transformation and Upgrading Project | 454,248,166.62 | 206,395,652.74 | 660,643,819.36 | 0.00 | 0.00 |
| 10,000-ton High-purity Polysilicon Green Circular Economy Project | 253,757,041.21 | 182,382,695.39 | 436,139,736.60 | 0.00 | 0.00 |
| TBEA Dunhuang 20MW Grid-Parity PV Power Project | 43,195,697.89 | 39,977,955.38 | 83,173,653.27 | 0.00 | 0.00 |
| Hami Yizhou Luotuoquanzi 15MW Distributed Wind Power Project | 0.00 | 76,335,787.37 | 76,335,787.37 | 0.00 | 0.00 |
| Other projects | 178,179,224.88 | 252,281,936.53 | 161,991,046.86 | 0.00 | 268,470,114.55 |

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 (continued)

| Project name | Budget | Percentage of cumulative investment to project budget (%) | Progress of Project (%) | Cumulative interest capitalization | Including: interest capitalization in current period | Interest capitalization rate of current period (%) | Source of fund |
|--|--------------------------|---|-------------------------|------------------------------------|--|--|---|
| 100,000-ton-per-annum High-purity Polysilicon Green Energy Circular Economy Construction Project | 8,806,760,000.00 | 81.56 | 98.50 | 81,192,818.17 | 66,006,043.87 | 4.66 | Funds in hand, project loans, fundraising |
| 24,000-ton High-purity Polysilicon Transformation and Upgrading Project | 798,794,800.00 | 82.71 | 100.00 | 0.00 | 0.00 | 0.00 | Funds in hand |
| 10,000-ton High-purity Polysilicon Green Circular Economy Project | 469,733,500.00 | 92.85 | 100.00 | 0.00 | 0.00 | 0.00 | Funds in hand |
| Tieling Xifeng Baiyu Wind Power Project | 819,200,000.00 | 11.82 | 11.42 | 3,658,805.56 | 3,658,805.56 | 3.73 | Funds in hand |
| TBEA Dunhuang 20MW Grid-Parity PV Power Project | 88,015,514.98 | 94.50 | 100.00 | 533,750.00 | 533,750.00 | 3.50 | Funds in hand |
| Zhurdong Industrial Park Phase I 100,000-ton Polysilicon Green Low-Carbon Circular Economy Project | 9,349,510,000.00 | 4.30 | 4.00 | 0.00 | 0.00 | 0.00 | Funds in hand |
| Kete New Energy Kalpin 100 MW Photovoltaic and Energy Storage Power Generation Project | 508,182,135.53 | 39.06 | 36.61 | 842,777.78 | 842,777.78 | 3.70 | Funds in hand |
| Hami Shisanjianfang Wind Farm Phase I 49.5MW Project | 209,374,528.28 | 84.90 | 81.65 | 1,843,833.34 | 1,843,833.34 | 3.45 | Funds in hand |
| Yarkant Xinshang Energy 100 MW Photovoltaic On-grid Power and Energy Storage Facility Project | 509,366,793.92 | 32.93 | 29.81 | 419,333.33 | 419,333.33 | 2.40 | Funds in hand |
| Hebei Shijiazhuang Xingtang 77MW Photovoltaic Power Generation Grid-Parity Project | 352,505,440.78 | 42.84 | 39.00 | 0.00 | 0.00 | 0.00 | Funds in hand, project loans |
| Gansu Jiuquan Dunhuang 100MW On-grid Photovoltaic Power Generation Project | 499,888,894.46 | 30.03 | 24.00 | 0.00 | 0.00 | 0.00 | Funds in hand |
| Wuwei Wusheng 150MW Photovoltaic Power Generation Project | 564,423,847.02 | 21.34 | 21.53 | 0.00 | 0.00 | 0.00 | Funds in hand, project loans |
| Baotou Turned Right Banner Land Governance and Agriculture-Photovoltaic Complement 300,000 KW Photovoltaic Demonstration Project | 1,290,106,231.05 | 3.89 | 3.00 | 0.00 | 0.00 | 0.00 | Funds in hand, project loans |
| Shanxi Yuncheng Wenxi Liyuan 100MW Photovoltaic Project | 462,566,703.86 | 3.82 | 4.23 | 0.00 | 0.00 | 0.00 | Funds in hand, project loans |
| Hami Yizhou Luotuoquanzi 15MW Distributed Wind Power Project | 83,296,197.44 | 91.64 | 100.00 | 667,000.01 | 667,000.01 | 4.15 | Funds in hand |
| Other projects | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | - |
| Total | 24,811,724,587.32 | - | - | 89,158,318.19 | 73,971,543.89 | - | - |

(3) There was no impairment of construction in progress during the Reporting Period.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Construction in progress (continued)

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 | 38,381,460.82 | 0.00 | 38,381,460.82 | 0.00 | 0.00 | 0.00 |
| Special materials | 53,676,178.18 | 0.00 | 53,676,178.18 | 226,151,512.83 | 0.00 | 226,151,512.83 |
| Total | 92,057,639.00 | 0.00 | 92,057,639.00 | 226,151,512.83 | 0.00 | 226,151,512.83 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Right-of-use assets

| Items | Land use right | Others | Total |
|---|----------------|--------------|----------------|
| I. Original book value | | | |
| 1. Opening balance | 167,206,026.74 | 5,491,182.76 | 172,697,209.50 |
| 2. Increase in current period | 65,222,043.96 | 0.00 | 65,222,043.96 |
| (1)Lease | 65,222,043.96 | 0.00 | 65,222,043.96 |
| 3. Decrease in current period | 0.00 | 57,667.03 | 57,667.03 |
| (1)Others | 0.00 | 57,667.03 | 57,667.03 |
| (2)Decrease in business merger | 0.00 | 0.00 | 0.00 |
| 4. Closing balance | 232,428,070.70 | 5,433,515.73 | 237,861,586.43 |
| II. Accumulated depreciation | | | |
| 1. Opening balance | 30,910,639.21 | 280,774.86 | 31,191,414.07 |
| 2. Increase in current period | 5,291,711.78 | 140,387.43 | 5,432,099.21 |
| (1)Accrual | 5,291,711.78 | 140,387.43 | 5,432,099.21 |
| 3. Decrease in current period | 0.00 | 4,818.79 | 4,818.79 |
| (1)Others | 0.00 | 4,818.79 | 4,818.79 |
| (2)Decrease in business merger | 0.00 | 0.00 | 0.00 |
| 4. Closing balance | 36,202,350.99 | 416,343.50 | 36,618,694.49 |
| III. Provision for impairment | | | |
| 1. Opening balance | 0.00 | 0.00 | 0.00 |
| 2. Increase in current period | 0.00 | 0.00 | 0.00 |
| 3. Decrease in current period | 0.00 | 0.00 | 0.00 |
| 4. Closing balance | 0.00 | 0.00 | 0.00 |
| IV. Carrying amount | | | |
| 1. Carrying amount at the end of the period | 196,225,719.71 | 5,017,172.23 | 201,242,891.94 |
| 2. Carrying amount at the beginning of the period | 136,295,387.53 | 5,210,407.90 | 141,505,795.43 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Intangible assets

| Items | Land use rights | Proprietary technology | Software | Mining rights | Total |
|--|------------------|------------------------|----------------|---------------|------------------|
| I. Original book value | | | | | |
| 1. Opening balance | 1,119,916,756.43 | 183,265,034.60 | 109,123,985.07 | 0.00 | 1,412,305,776.10 |
| 2. Increase in current period | 68,589,072.87 | 0.00 | 4,927,049.66 | 17,496,500.00 | 91,012,622.53 |
| (1) Acquisition | 51,601,593.92 | 0.00 | 4,927,049.66 | 17,496,500.00 | 74,025,143.58 |
| (2) Independent R&D | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (3) Increase in scope of consolidation | 16,987,478.95 | 0.00 | 0.00 | 0.00 | 16,987,478.95 |
| (4) Transfer from construction in progress | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. Decrease in current period | 0.00 | 0.00 | 15,000.00 | 0.00 | 15,000.00 |
| (1) Disposal | 0.00 | 0.00 | 15,000.00 | 0.00 | 15,000.00 |
| (2) Decrease in scope of consolidation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (3) Others | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. Closing balance | 1,188,505,829.30 | 183,265,034.60 | 114,036,034.73 | 17,496,500.00 | 1,503,303,398.63 |
| II. Accumulated amortisation | | | | | |
| 1. Opening balance | 152,244,107.87 | 129,420,187.21 | 36,005,152.35 | 0.00 | 317,669,447.43 |
| 2. Increase in current period | 18,189,879.87 | 3,736,372.16 | 9,300,247.41 | 648,018.52 | 31,874,517.96 |
| (1) Accrual | 15,801,882.18 | 3,736,372.16 | 9,300,247.41 | 648,018.52 | 29,486,520.27 |
| (2) Increase in scope of consolidation | 2,387,997.69 | 0.00 | 0.00 | 0.00 | 2,387,997.69 |
| (3) Others | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. Decrease in current period | 0.00 | 0.00 | 15,000.00 | 0.00 | 15,000.00 |
| (1) Disposal | 0.00 | 0.00 | 15,000.00 | 0.00 | 15,000.00 |
| (2) Decrease in scope of consolidation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (3) Others | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. Closing balance | 170,433,987.74 | 133,156,559.37 | 45,290,399.76 | 648,018.52 | 349,528,965.39 |
| III. Provision for impairment | | | | | |
| 1. Opening balance | 0.00 | 8,010,172.12 | 3,948,074.07 | 0.00 | 11,958,246.19 |
| 2. Increase in current period | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (1) Accrual | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. Decrease in current period | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (1) Disposal | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. Closing balance | 0.00 | 8,010,172.12 | 3,948,074.07 | 0.00 | 11,958,246.19 |
| IV. Carrying amount | | | | | |
| 1. Carrying amount at the beginning of the period | 1,018,071,841.56 | 42,098,303.11 | 64,797,560.90 | 16,848,481.48 | 1,141,816,187.05 |
| 2. Carrying amount at the end of the period | 967,672,648.56 | 45,834,675.27 | 69,170,758.65 | 0.00 | 1,082,678,082.48 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Long-term deferred expenses

| Items | Opening balance | Increase in current period | Amortization in current period | Closing balance |
|--|-----------------|----------------------------|--------------------------------|-----------------|
| Self-provided power plant maintenance fees | 4,586,783.88 | 0.00 | 2,293,391.94 | 2,293,391.94 |
| Total | 4,586,783.88 | 0.00 | 2,293,391.94 | 2,293,391.94 |

19. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets not offset

| Items | Closing balance | |
|--|----------------------------------|----------------------------|
| | Deductible temporary differences | Deferred income tax assets |
| Provision for impairment of assets | 1,176,548,302.45 | 180,737,654.36 |
| Deferred income | 368,748,298.41 | 63,577,244.76 |
| Provision for retention money | 45,937,826.12 | 6,890,673.91 |
| Provision for other expenses | 162,913,981.47 | 24,356,761.58 |
| Share-based compensation expenses | 34,771,586.46 | 5,212,784.32 |
| Unrealized profits of intra-group transactions | 745,655,451.03 | 111,848,317.65 |
| Deductible losses | 70,771,422.06 | 10,989,690.05 |
| Others | 144,846,889.10 | 21,727,033.37 |
| Total | 2,750,193,757.10 | 425,340,160.00 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. 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 | 1,211,895,828.20 | 182,612,520.29 |
| Deferred income | 412,075,208.09 | 70,076,281.23 |
| Provision for retention money | 90,461,843.89 | 13,569,276.59 |
| Provision for other expenses | 37,607,503.91 | 5,650,744.95 |
| Share-based compensation expenses | 26,314,618.86 | 3,947,192.82 |
| Unrealized profits of intra-group transactions | 605,152,137.66 | 90,772,820.65 |
| Deductible losses | 114,715,410.20 | 17,564,612.43 |
| Others | 116,989,882.70 | 17,548,482.41 |
| Total | 2,615,212,433.51 | 401,741,931.37 |

(2) Deferred income tax liabilities not offset

| Items | Closing balance | |
|--|-------------------------------|---------------------------------|
| | Taxable temporary differences | Deferred income tax liabilities |
| Accelerated depreciation of fixed assets | 1,009,825,836.36 | 151,473,875.45 |
| Others | 874,550.72 | 131,182.61 |
| Total | 1,010,700,387.08 | 151,605,058.06 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Deferred income tax assets and deferred income tax liabilities (continued)

(2) Deferred income tax liabilities not offset (continued)

| Item | Opening balance | |
|--|-------------------------------|---------------------------------|
| | Taxable temporary differences | Deferred income tax liabilities |
| Accelerated depreciation of fixed assets | 1,050,983,804.80 | 157,647,570.72 |
| Total | 1,050,983,804.80 | 157,647,570.72 |

(3) Breakdown of unrecognized deferred income tax assets

| Items | Closing balance | Opening balance |
|----------------------------------|-----------------------|-----------------------|
| Deductible temporary differences | 207,952,465.45 | 30,265,261.28 |
| Deductible losses | 592,152,857.31 | 616,258,525.63 |
| Total | 800,105,322.76 | 646,523,786.91 |

(4) Deductible losses under unrecognized deferred income tax assets with maturity in the periods indicated below

| Periods | Closing balance | Opening balance |
|-----------------|-----------------------|-----------------------|
| 2022 | 0.00 | 80,531,105.02 |
| 2023 | 45,533,324.90 | 150,238,255.71 |
| 2024 | 143,696,037.99 | 37,748,954.08 |
| 2025 | 30,519,079.83 | 82,595,487.86 |
| 2026 | 70,875,048.21 | 265,144,722.96 |
| 2027 and beyond | 301,529,366.38 | 0.00 |
| Total | 592,152,857.31 | 616,258,525.63 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Other non-current assets

| Items | Book balance | Closing balance Provision for impairment | Carrying amount |
|---|-------------------------|--|-------------------------|
| Prepayments for long-term assets | 1,982,959,900.14 | 0.00 | 1,982,959,900.14 |
| Amount of Value-added tax credits that are expected to be deducted for more than one year | 659,119,624.83 | 0.00 | 659,119,624.83 |
| Total | 2,642,079,524.97 | 0.00 | 2,642,079,524.97 |

| Items | Book balance | Opening balance Provision for impairment | Carrying amount |
|----------------------------------|-------------------------|--|-------------------------|
| Prepayments for long-term assets | 1,241,920,540.71 | 0.00 | 1,241,920,540.71 |
| Value-added tax credits | 1,178,781,346.08 | 0.00 | 1,178,781,346.08 |
| Total | 2,420,701,886.79 | 0.00 | 2,420,701,886.79 |

21. Short-term borrowings

(1) Short-term borrowings by category

| Category | Closing balance | Opening balance |
|-----------------|-------------------------|-------------------------|
| Credit loans | 3,108,205,830.53 | 1,281,152,861.11 |
| Factoring loans | 1,480,000.00 | 3,166,000.00 |
| Bill discount | 537,307,390.82 | 481,782,138.17 |
| Total | 3,646,993,221.35 | 1,766,100,999.28 |

(2) Outstanding overdue short-term borrowings in the Reporting Period: Nil.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Financial liabilities held for trading

| Items | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|---|-----------------|----------------------------|----------------------------|-----------------|
| Financial liabilities held for trading | 0.00 | 16,071,125.00 | 0.00 | 16,071,125.00 |
| Including: Derivative financial liabilities | 0.00 | 16,071,125.00 | 0.00 | 16,071,125.00 |
| Total | 0.00 | 16,071,125.00 | 0.00 | 16,071,125.00 |

23. Notes payable

| Category | Closing balance | Opening balance |
|------------------------|------------------|------------------|
| Bank acceptance notes | 4,102,951,075.20 | 5,635,680,100.33 |
| Trade acceptance notes | 85,557,287.24 | 472,099,043.65 |
| Total | 4,188,508,362.44 | 6,107,779,143.98 |

As at 30 June 2022, the total amount of outstanding notes payable was RMB163,601.66, which was due to the fact that the holders of the notes did not make settlement in time.

24. Accounts payable

(1) Accounts payable by aging based on recording dates

| Aging | Closing balance | Opening balance |
|------------------------|------------------|------------------|
| Total | 6,283,289,769.53 | 5,573,094,825.40 |
| Including: Over 1 year | 2,403,027,570.24 | 2,025,371,158.43 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Accounts payable (continued)

(2) Significant accounts payable with aging of over 1 year

| Name of entity | Closing balance | Over 1 year | 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 | 159,557,314.52 | 159,557,314.52 | Payments for equipment, not yet settled |
| Hadian Wind Power Co., Ltd. (哈電風能有限公司) | 74,547,213.67 | 74,547,213.67 | Payments for material, not yet settled |
| China Construction Wuzhou Engineering Equipment Co., Ltd. (中建五洲工程裝備有限公司) | 73,687,037.63 | 56,127,649.70 | Payments for project, not yet settled |
| China Construction Third Bureau Second Construction Engineering Co., Ltd. (中建三局第二建設工程有限責任公司) | 58,021,402.89 | 48,527,510.98 | Payments for project, not yet settled |
| Sany Heavy Energy Co., Ltd (三一重能股份有限公司) | 52,640,569.27 | 52,640,569.27 | Payments for equipment, not yet settled |
| Total | 418,453,537.98 | 391,400,258.14 | — |

25. Breakdown of contract liabilities

| Items | Closing balance | Opening balance |
|--------------------------------------|-------------------------|------------------|
| Sales revenue received in advance | 2,062,174,149.27 | 1,147,253,149.39 |
| Project payments received in advance | 999,414,217.21 | 449,404,930.65 |
| Settled but uncompleted payments | 384,791,016.74 | 380,739,223.73 |
| Total | 3,446,379,383.22 | 1,977,397,303.77 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Staff remuneration payables

(1) Staff remuneration payables by category

| Items | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|---|-----------------------|----------------------------|----------------------------|-----------------------|
| Short-term compensation | 381,247,208.59 | 738,833,272.20 | 806,441,460.55 | 313,639,020.24 |
| Post-employment benefits – defined contribution plans | 4,032,613.78 | 44,537,449.64 | 45,184,321.79 | 3,385,741.63 |
| Termination benefits | 73.69 | 1,501,448.77 | 1,501,522.46 | 0.00 |
| Total | 385,279,896.06 | 784,872,170.61 | 853,127,304.80 | 317,024,761.87 |

(2) Short-term compensation

| Items | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|--|-----------------------|----------------------------|----------------------------|-----------------------|
| Salaries, bonuses, allowances and subsidies | 349,050,991.97 | 666,893,686.34 | 729,506,504.08 | 286,438,174.23 |
| Employee benefits | 0.00 | 7,494,596.40 | 7,494,533.90 | 62.50 |
| Social insurance | 2,227,561.86 | 25,397,967.09 | 25,716,045.07 | 1,909,483.88 |
| Including: Medical insurance | 2,120,101.43 | 23,309,066.91 | 23,647,896.65 | 1,781,271.69 |
| Work-related injury insurance | 90,357.20 | 2,046,828.53 | 2,017,187.40 | 119,998.33 |
| Maternity insurance | 17,103.23 | 42,071.65 | 50,961.02 | 8,213.86 |
| Housing provident funds | 1,366,303.71 | 24,730,975.09 | 24,196,641.78 | 1,900,637.02 |
| Labor union fees and employee education fees | 28,602,351.05 | 14,316,047.28 | 19,527,735.72 | 23,390,662.61 |
| Short-term paid leaves | 0.00 | 0.00 | 0.00 | 0.00 |
| Short-term profit distribution plans | 0.00 | 0.00 | 0.00 | 0.00 |
| Other short-term remuneration | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 381,247,208.59 | 738,833,272.20 | 806,441,460.55 | 313,639,020.24 |

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From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Defined contribution plans

| Items | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|------------------------|---------------------|----------------------------|----------------------------|---------------------|
| Basic pension | 3,909,153.84 | 42,617,486.64 | 43,278,291.67 | 3,248,348.81 |
| Unemployment insurance | 112,179.61 | 1,500,351.09 | 1,486,418.21 | 126,112.49 |
| Enterprise annuity | 11,280.33 | 419,611.91 | 419,611.91 | 11,280.33 |
| Total | 4,032,613.78 | 44,537,449.64 | 45,184,321.79 | 3,385,741.63 |

28. Taxes payable

| Items | Closing balance | Opening balance |
|--|-------------------------|-----------------|
| Enterprise income tax | 630,979,667.86 | 438,763,312.98 |
| Value-added tax | 428,234,268.61 | 378,571,362.78 |
| Urban maintenance and construction tax | 21,244,214.18 | 20,066,912.13 |
| Individual income tax | 46,959,551.27 | 9,686,732.96 |
| Educational surcharge | 9,320,748.78 | 6,908,933.90 |
| Local educational surcharge | 6,213,832.50 | 4,605,955.96 |
| Real estate tax | 1,413,543.64 | 782,120.90 |
| Land use tax | 807,413.43 | 705,415.43 |
| Stamp duty | 3,114,919.37 | 483,983.10 |
| Environmental protection tax | 163,885.31 | 344,078.00 |
| Foundation for water works | 30,251.33 | 104,087.11 |
| Total | 1,148,482,296.28 | 861,022,895.25 |

Note: The significant increase in the closing balance of taxes payable from January to June 2022 was caused by the increase in the payable enterprise income tax and the payable value-added tax. The increase was mainly due to the significant increase in the sales price of the Company's polysilicon products, the increase in sales, and the significant increase in the profit of the polysilicon segment.

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Other payables

| Items | Closing balance | Opening balance |
|-------------------|-----------------------|-----------------------|
| Dividends payable | 852,205.20 | 13,394,100.00 |
| Other payables | 235,073,128.91 | 231,252,800.47 |
| Total | 235,925,334.11 | 244,646,900.47 |

29.1 Interests payable

Nil.

29.2 Dividends payable

| Item | Closing balance | Opening balance |
|-------------------------------|-------------------|----------------------|
| Dividends for ordinary shares | 852,205.20 | 13,394,100.00 |
| Total | 852,205.20 | 13,394,100.00 |

29.3 Other payables

(1) Other payables by nature

| Nature | Closing balance | Opening balance |
|---------------------------------|-----------------------|-----------------------|
| Deposits payable | 96,963,968.77 | 64,471,554.22 |
| Fees payable | 80,140,713.86 | 86,929,203.18 |
| Advances payable | 46,023,252.57 | 69,406,784.99 |
| Payables due to related parties | 5,970,673.19 | 4,839,993.47 |
| Other payables | 5,974,520.52 | 5,605,264.61 |
| Total | 235,073,128.91 | 231,252,800.47 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Other payables (continued)

29.3 Other payables (continued)

(2) Other payables by aging

| Item | Closing balance | Opening balance |
|---------------|-----------------------|-----------------|
| Within 1 year | 165,605,309.56 | 178,057,316.76 |
| Over 1 year | 69,467,819.35 | 53,195,483.71 |
| Total | 235,073,128.91 | 231,252,800.47 |

(3) Significant other payables with aging of over 1 year

| Name of entity | Closing balance | Reason for non-repayment or carry-forward |
|---|----------------------|---|
| Wuhuan Engineering Co., Ltd. (中國五環工程有限公司) | 6,227,392.44 | Payables unsettled |
| Nanjing Zhongren Energy Technology Co., Ltd. (南京中人能源科技有限公司) | 5,555,027.44 | Payables unsettled |
| Nanjing Gaochuan Electromechanical Automatic Control Equipment Co., Ltd. (南京高傳機電自動控制設備有限公司) | 3,000,000.00 | Deposits payable unsettled |
| Huaneng Dingbian New Energy Power Co., Ltd. (華能定邊新能源發電有限公司) | 1,857,150.00 | Deposits payable unsettled |
| Dingbian Jiawei PV Power Co., Ltd. (定邊珈偉光伏電力有限公司) | 1,512,597.41 | Deposits payable unsettled |
| Total | 18,152,167.29 | — |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Non-current liabilities due within one year

| Items | Closing balance | Opening balance |
|--|-------------------------|-------------------------|
| Long-term borrowings due within one year | 1,388,014,836.79 | 1,617,640,705.00 |
| Lease liabilities due within one year | 31,470,489.80 | 23,765,991.12 |
| Total | 1,419,485,326.59 | 1,641,406,696.12 |

31. Other current liabilities

| Items | Closing balance | Opening balance |
|--------------------------------------|-----------------------|-----------------------|
| Notes receivable not derecognized | 314,230,057.49 | 531,949,375.32 |
| Value-added tax on advances received | 300,430,218.06 | 189,591,226.33 |
| Total | 614,660,275.55 | 721,540,601.65 |

32. Long-term borrowings

(1) Long-term borrowings by category

| Category | Closing balance | Opening balance |
|----------------------------|--------------------------|--------------------------|
| Credit loans | 4,031,745,968.27 | 1,291,361,044.99 |
| Mortgage loans | 0.00 | 115,500,000.00 |
| Mortgage borrowings | 300,000,000.00 | 337,500,000.00 |
| Secured borrowings | 1,645,750,000.00 | 1,891,720,000.00 |
| Mortgage and pledged loans | 11,465,382,652.05 | 10,704,486,376.43 |
| Total | 17,442,878,620.32 | 14,340,567,421.42 |

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From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Long-term borrowings (continued)

(2) Interest rates of long-term borrowings

| Category | Interest rates (%) |
|----------------------------|--------------------|
| Credit loans | 3.30–4.65 |
| Mortgage loans | 5.12 |
| Secured borrowings | 4.60–5.29 |
| Pledged borrowings | 4.30 |
| Mortgage and pledged loans | 2.40–4.60 |

33. Lease liabilities

| Items | Closing balance | Opening balance |
|---|-----------------------|-----------------------|
| Lease payments | 291,382,437.25 | 255,379,650.00 |
| Unrecognized financing cost | -96,484,171.80 | -90,248,605.30 |
| Reclassification to non-current liabilities due within one year | -31,470,489.80 | -23,765,991.12 |
| Total | 163,427,775.65 | 141,365,053.58 |

34. Long-term payables

| Item | Closing balance | Opening balance |
|--------------------|-----------------------|-----------------------|
| Long-term payables | 345,850,000.00 | 337,150,000.00 |
| Total | 345,850,000.00 | 337,150,000.00 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Long-term payables (continued)

34.1 Long-term payables

(1) Long-term payables by nature

| Nature | Closing balance | Opening balance |
|------------------------|-----------------------|-----------------------|
| Special loans | 345,850,000.00 | 337,150,000.00 |
| Payments for equipment | 0.00 | 0.00 |
| Total | 345,850,000.00 | 337,150,000.00 |

(2) Long-term payables by nature

| Nature | Closing balance | Opening balance |
|---|-----------------------|-----------------------|
| Urumqi Key Industry Development Fund Management Co., Ltd. (烏魯木齊市重點產業發展基金管理有限公司) (held on behalf of Urumqi Industry Guiding Private Equity Fund (烏魯木齊市產業引導私募基金)) | 300,000,000.00 | 300,000,000.00 |
| Interests payable | 42,850,000.00 | 34,150,000.00 |
| Xinjiang Hongshan Fund Management Co., Ltd. (新疆紅山基金管理股份有限公司) | 3,000,000.00 | 3,000,000.00 |
| Others | 0.00 | 0.00 |
| Total | 345,850,000.00 | 337,150,000.00 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Accrued liabilities

| Items | Closing balance | Opening balance |
|----------------------------------|----------------------|-----------------------|
| Product quality assurance | 75,280,557.54 | 88,384,543.89 |
| Pending lawsuits | 0.00 | 2,077,300.00 |
| Onerous contract to be performed | 5,508,011.37 | 0.00 |
| Compensation for project delay | 12,362,401.51 | 14,821,533.40 |
| Total | 93,150,970.42 | 105,283,377.29 |

36. Deferred income

(1) Deferred income by category

| Items | Opening balance | Increase in current period | Decrease in current period | Other changes | Closing balance | Reason |
|---------------------------------------|-----------------------|----------------------------|----------------------------|---------------|-----------------------|-------------------|
| Government grants (related to assets) | 447,304,051.01 | 3,379,091.11 | 21,517,006.31 | 0.00 | 429,166,135.81 | Related to assets |
| Government grants (related to income) | 2,646,808.51 | 0.00 | 638,297.76 | 0.00 | 2,008,510.75 | Related to income |
| Total | 449,950,859.52 | 3,379,091.11 | 22,155,304.07 | 0.00 | 431,174,646.56 | — |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Deferred income (continued)

(2) Items of government grants

| Items of government grants | Opening balance | New grants in Current period | Amount included | | Closing balance | Related to assets/related to income | |
|--|-----------------|------------------------------|-----------------------------------|---------------|-----------------------|-------------------------------------|---|
| | | | in other income in current period | Other changes | | income | Basis |
| Total | 449,950,859.52 | 3,379,091.11 | 22,155,304.07 | 0.00 | 431,174,646.56 | — | — |
| Upgrading of Cold Hydrogenation Technology for 360,000-ton-per-annum Recycling of Polysilicon By-product Silicon Tetraoxide | 42,857,142.86 | 0.00 | 3,571,428.57 | 0.00 | 39,285,714.29 | Related to assets | Wu Fa Gai Gong Jiao (2013) No. 786 |
| 2018 Industrial Transformation and Upgrading Fund – Intranet Upgrading and Integrated Application of High-purity Silicon-based New Materials Based on the Industrial Internet Platform | 44,642,857.14 | 0.00 | 0.00 | 0.00 | 44,642,857.14 | Related to assets | Cai Jian (2018) No. 281 |
| Subsidies for the Demonstration Project of Electronic-grade High-purity Polysilicon Technology Upgrading | 16,628,571.42 | 0.00 | 1,039,285.71 | 0.00 | 15,589,285.71 | Related to assets | Fa Gai Tou Zi (2014) No. 1606 |
| 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 | 16,910,000.00 | Related to assets | Wu Fa Gai Chan Ji (2019) No. 563 |
| Funds for Construction of TBeCloud Industrial Internet Platform | 15,300,000.00 | 0.00 | 1,738,694.00 | 0.00 | 13,561,306.00 | Related to assets | Wu Fa Gai Chan Ji (2019) No. 563 Notice on the release of the second batch of investment plans within the central budget for the special technical transformation in 2019 (烏髮改產技(2019)563號關於下達2019年技術改造專項第二批中央預算內投資計劃的通知) |
| Construction of Public Service Platform for New Materials Testing and Evaluation | 15,140,000.00 | 0.00 | 0.00 | 0.00 | 15,140,000.00 | Related to assets | Wu Fa Gai Chan Ji (2019) No. 563 |
| Support Funds for 1,500-ton-per-annum Polysilicon Expansion | 12,880,000.00 | 0.00 | 777,777.77 | 0.00 | 12,102,222.23 | Related to assets | Wu Cai Jian (2011) No. 346 |

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From 1 January 2022 to 30 June 2022
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VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Deferred income (continued)

(2) Items of government grants (continued)

| Items of government grants | Opening balance | New grants in Current period | Amount included | | Closing balance | Related to assets/related to income | |
|---|-----------------|------------------------------|-----------------------------------|---------------|-----------------|-------------------------------------|---|
| | | | in other income in current period | Other changes | | assets/related to income | Basis |
| 2018 Ecological Civilization Construction Projects Funded by Central Government's Budgets – 10,000-ton Polysilicon CDI System Energy Efficiency Improvement | 10,937,500.00 | 0.00 | 446,428.57 | 0.00 | 10,491,071.43 | Related to assets | Wu Fa Gai Huan Zi (2018) No. 587 |
| 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 | 10,607,142.85 | 0.00 | 482,142.86 | 0.00 | 10,124,999.99 | Related to assets | Cai Jian (2019) No. 514 |
| Green Manufacturing System Integration Project in 2016 | 10,526,785.71 | 0.00 | 482,142.86 | 0.00 | 10,044,642.85 | Related to assets | The Ministry of Industry and Information Technology approved a subsidy of RMB13.5 million for the establishment of the green manufacturing system integration project in 2016 |
| Urumqi Air Pollution Control Project | 10,205,714.26 | 0.00 | 637,857.14 | 0.00 | 9,567,857.12 | Related to assets | Xin Fa Gai Huan Zi (2014) No. 797 |
| Industrial transformation and upgrading of public service platform funds | 8,745,000.00 | 0.00 | 990,000.00 | 0.00 | 7,755,000.00 | Related to assets | Cai Jian (2012) No. 408 Notice of the Ministry of Finance on Distributing Funds for Public Service Platforms for Industrial Transformation and Upgrading in 2012 財建(2012)408號 財政部關於下達2012年工業轉型升級公共服務平台資金的通知 |

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Deferred income (continued)

(2) Items of government grants (continued)

| Items of government grants | Opening balance | New grants in Current period | Amount included in other income in current period | Other changes | Closing balance | Related to assets/related to income | Basis |
|---|-----------------|------------------------------|---|---------------|-----------------|-------------------------------------|---|
| Urumqi Ganquanpu economic development zone agency subtreasury polysilicon cold hydrogenation synthesis gas heat recovery and slurry process energy-saving optimization project | 10,500,000.00 | 0.00 | 0.00 | 0.00 | 10,500,000.00 | Related to assets | Wu Fa Gai Huan Zi (2020) No. 331 |
| Industrial Transformation and Upgrading Fund Project | 5,893,617.24 | 0.00 | 1,476,595.62 | 0.00 | 4,417,021.62 | Related to assets | Shan Gong Xin Fa [2017] No. 412, Shan Gong Xin Fa [2020] No. 144 |
| Urumqi Ganquanpu economic and technological development zone agent subtreasury business (high-purity polysilicon intelligent manufacturing innovation mode application project) | 8,708,791.21 | 0.00 | 357,142.86 | 0.00 | 8,351,648.35 | Related to assets | Wu Gao (Xin) Ji Gai Bei (2016) No. 19 |
| Funds for key R&D projects | 4,646,500.00 | 0.00 | 2,399,457.99 | 0.00 | 2,247,042.01 | Related to assets | Autonomous Region Key R&D Plan Project Contract (《自治區重點研發計劃項目合同書》) |
| Central financial industrial transformation and upgrading funds | 7,976,190.48 | 0.00 | 357,142.86 | 0.00 | 7,619,047.62 | Related to assets | Cai Jian (2017) No. 373 |
| Key projects for resource conservation and recycling in 2017 | 8,035,714.29 | 0.00 | 321,428.57 | 0.00 | 7,714,285.72 | Related to assets | Wu Fa Gai Huan Zi (2017) No. 316 |
| Urumqi Ganquanpu economic and technological development zone bank-repository business (special funds for the central infrastructure investment budget) | 7,437,500.00 | 0.00 | 303,571.43 | 0.00 | 7,133,928.57 | Related to assets | Wu Fa Gai Huan Zi (2019) No. 231 |
| Development of 200,000-ton-per-annum High-purity Polysilicon, Supporting 200,000-ton Industrial-grade Silicon and New Energy Power Plant | 82,650,000.00 | 0.00 | 0.00 | 0.00 | 82,650,000.00 | Related to assets | 200,000-ton-per-annum high-purity polysilicon and supporting 200,000-ton industrial silicon and new energy power station development project investment framework agreement |

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VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Deferred income (continued)

(2) Items of government grants (continued)

| Items of government grants | Opening balance | New grants in Current period | Amount included in other income in current period | Other changes | Closing balance | Related to assets/related to income | Basis |
|--|-----------------|------------------------------|---|---------------|-----------------|-------------------------------------|--|
| Pudong Development Bank received from the Finance Bureau of Urumqi Gananqu Economic and Technological Development Zone (Industrial Zone) | 6,400,000.00 | 0.00 | 0.00 | 0.00 | 6,400,000.00 | Related to assets | Wu Cai Jian [2021] No. 260 |
| 2016 Provincial industrial transformation and upgrading special fund project and high-end equipment manufacturing special fund project | 7,416,666.63 | 0.00 | 250,000.02 | 0.00 | 7,166,666.61 | Related to assets | Shi Cai Han [2016] No. 1734 |
| 2015 key projects of industrial transformation and upgrading 10,000-ton Polysilicon Cold Hydrogenation Thermal Energy Comprehensive Utilization and Transformation Project (《萬噸級多晶硅冷氫化熱能綜合利用改造項目》) | 6,400,000.00 | 0.00 | 300,000.00 | 0.00 | 6,100,000.00 | Related to assets | 2015 key projects of industrial transformation and upgrading 10,000-ton Polysilicon Cold Hydrogenation Thermal Energy Comprehensive Utilization and Transformation Project (《萬噸級多晶硅冷氫化熱能綜合利用改造項目》) |
| 2016 Central Budget Investment Plan Key Projects for Resource Conservation and Recycling (《資源節約循環利用重點工程》) | 6,387,857.14 | 0.00 | 290,357.14 | 0.00 | 6,097,500.00 | Related to assets | Guo ke Fa Jiao (2020) No. 236 Notice of the Ministry of Science and Technology on Approving the Construction of the Second Batch of 19 "Belt and Road" Joint Laboratories |
| Others | 72,117,308.29 | 3,379,091.11 | 5,933,850.10 | 0.00 | 69,562,549.30 | — | — |

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Share capital

| Name of shareholder | Opening balance | Issue of new shares | Changes in current period (+, -) | | | Sub-total | Closing balance |
|---------------------|------------------|---------------------|----------------------------------|---------------------------------------|--------|-----------|------------------|
| | | | Bonus issue | Share capital converted from reserves | Others | | |
| Total shares | 1,430,000,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,430,000,000.00 |

38. Capital reserve

| Items | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|---------------|------------------|----------------------------|----------------------------|------------------|
| Share premium | 9,056,166,620.18 | 4,016,099.05 | 38,023,758.48 | 9,022,158,960.75 |
| Others | 103,901,998.93 | 10,596,275.48 | 0.00 | 114,498,274.41 |
| Total | 9,160,068,619.11 | 14,612,374.53 | 38,023,758.48 | 9,136,657,235.16 |

Notes: (1) "Capital reserve — share premium" decreased by RMB38,023,758.48 in the current period, because the Company increased the capital of its holding subsidiary Sunoasis by RMB850 million in June 2022, and its shareholding increased from 71.57% to 73.83%, and the Company adjusted the capital reserve — share premium according to the difference between the shareholding before and after the capital increase in the share of Sunoasis 's net assets; the increase of RMB4,016,099.05 represented the increase in capital reserve resulting from the acquisition of minority interests by Sunoasis, a subsidiary of the Company,

(2) "Capital reserve — others" included increase of RMB10,596,275.48 in the current period, representing the Company's equity-settled share-based compensation expenses in the current period.

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Other comprehensive income

| Items | Opening balance | Amount before tax in current period | Amount recognized in current period | | | 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 | -4,233,052.18 | 0.00 | 0.00 | 0.00 | 0.00 | -4,233,052.18 |
| Changes in fair value of investments in other equity instruments | -4,233,052.18 | 0.00 | 0.00 | 0.00 | 0.00 | -4,233,052.18 |
| II. Other comprehensive income to be reclassified to profit or loss | 174,708.73 | 186,167.03 | 0.00 | 170,162.52 | 16,004.51 | 344,871.25 |
| (1) Reserve for cash flow hedging (effective portion of profit or loss on cash flow hedging) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (2) Exchange differences on translation of financial statements in foreign currency | 174,708.73 | 186,167.03 | 0.00 | 170,162.52 | 16,004.51 | 344,871.25 |
| (3) Others | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total other comprehensive income | -4,058,343.45 | 186,167.03 | 0.00 | 170,162.52 | 16,004.51 | -3,888,180.93 |

40. Special reserve

| Items | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|--------------------------|-----------------|----------------------------|----------------------------|---------------------|
| Safe production expenses | 0.00 | 25,403,016.74 | 17,956,606.29 | 7,446,410.45 |
| Total | 0.00 | 25,403,016.74 | 17,956,606.29 | 7,446,410.45 |

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Surplus reserve

| Items | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|---------------------------|-----------------|----------------------------|----------------------------|-----------------|
| Statutory surplus reserve | 547,653,992.38 | 0.00 | 0.00 | 547,653,992.38 |
| Total | 547,653,992.38 | 0.00 | 0.00 | 547,653,992.38 |

42. Undistributed profit

| Items | Current period | Previous period |
|---|--------------------------|------------------|
| Balance at the beginning of the period | 8,893,910,525.69 | 4,262,694,085.15 |
| Add: Adjustment of undistributed profit at the beginning of the year | 0.00 | 0.00 |
| Adjusted balance at the beginning of the period | 8,893,910,525.69 | 4,262,694,085.15 |
| Add: Net profit attributable to the shareholders of the parent company for the period | 5,617,285,066.40 | 4,955,264,764.83 |
| Less: Appropriation to statutory surplus reserve | 0.00 | 204,048,324.29 |
| Distribution of ordinary shares dividend | 1,573,000,000.00 | 120,000,000.00 |
| Undistributed profit at the end of the period | 12,938,195,592.09 | 8,893,910,525.69 |

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VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

43. Operating revenue, operating cost

(1) Operating revenue, operating cost

| Items | Amount recognized in current period | |
|------------------|-------------------------------------|-------------------------|
| | Revenue | Cost |
| Main businesses | 14,533,382,298.50 | 6,229,223,088.82 |
| Other businesses | 182,883,678.16 | 48,265,961.17 |
| Total | 14,716,265,976.66 | 6,277,489,049.99 |

| Items | Amount recognized in previous period | |
|------------------|--------------------------------------|-------------------------|
| | Revenue | Cost |
| Main businesses | 7,750,865,398.84 | 5,282,955,788.77 |
| Other businesses | 42,646,663.75 | 29,399,709.33 |
| Total | 7,793,512,062.59 | 5,312,355,498.10 |

Notes to the Financial Statements

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

43. Operating revenue, operating cost (continued)

(2) By business segment

| Items | Amount recognized in current period | |
|--|-------------------------------------|-------------------------|
| | Revenue from main businesses | Cost of main businesses |
| Polysilicon and related products | 10,360,864,945.36 | 3,527,144,999.00 |
| Construction of wind power and PV power plants | 2,458,562,262.72 | 1,856,945,677.53 |
| Operation of wind power and PV power plants | 1,213,373,609.51 | 417,765,525.30 |
| Others | 500,581,480.91 | 427,366,886.99 |
| Total | 14,533,382,298.50 | 6,229,223,088.82 |

| Items | Amount recognized in previous period | |
|--|--------------------------------------|-------------------------|
| | Revenue from main businesses | Cost of main businesses |
| Polysilicon | 3,532,049,281.93 | 1,969,289,166.75 |
| Construction of wind power and PV power plants | 2,998,769,022.86 | 2,677,060,990.20 |
| Operation of wind power and PV power plants | 727,175,392.00 | 208,219,423.00 |
| Others | 492,871,702.05 | 428,386,208.82 |
| Total | 7,750,865,398.84 | 5,282,955,788.77 |

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Taxes and surcharges

| Items | Amount recognized in current period | Amount recognized in previous period |
|--|-------------------------------------|--------------------------------------|
| Urban maintenance and construction tax | 81,832,627.36 | 17,309,636.09 |
| Educational surcharge | 35,321,011.72 | 7,482,457.97 |
| Local educational surcharge | 23,492,431.83 | 4,987,526.27 |
| Resource tax | 3,605.00 | 17,612.00 |
| Foundation for water works | 238,603.16 | 283,331.66 |
| Real estate tax | 12,038,609.71 | 10,654,780.42 |
| Land use tax | 9,768,751.54 | 8,856,391.97 |
| Vehicle and vessel use tax | 4,024.93 | 18,180.00 |
| Stamp duty | 18,681,791.23 | 9,101,023.86 |
| Environmental protection tax | 313,165.91 | 593,856.02 |
| Land Appreciation Tax | 171,049.74 | 74,980.69 |
| Others | 2,098,200.00 | 62,325.62 |
| Total | 183,963,872.13 | 59,442,102.57 |

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Selling expenses

| Items | Amount in current period | Amount in previous period |
|--------------------------------|--------------------------|---------------------------|
| Early project fees | 54,141,248.58 | 0.00 |
| Employee compensation | 103,803,093.45 | 65,064,298.51 |
| Quality cost | 26,713,361.96 | 18,611,760.99 |
| Business entertainment | 28,762,540.87 | 33,122,013.32 |
| Travel expenses | 10,370,140.27 | 18,077,370.77 |
| Advisory fees | 2,284,816.03 | 7,855,201.39 |
| Lease payments | 10,598,336.77 | 9,285,660.72 |
| Labor service fees | 11,721,681.84 | 7,741,489.76 |
| Material consumption | 2,627,494.99 | 1,793,791.34 |
| Tender fees | 4,534,701.88 | 3,034,260.40 |
| Agent fees | 2,819,491.59 | 2,270,734.90 |
| Vehicle fees | 1,219,796.60 | 1,162,595.00 |
| Office expenses | 1,227,053.26 | 791,113.91 |
| Advertising and promotion fees | 431,346.62 | 746,062.43 |
| Convention service expenses | 51,780.14 | 262,941.83 |
| Others | 25,360,919.47 | 3,770,831.35 |
| Total | 286,667,804.32 | 173,590,126.62 |

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VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Administrative expenses

| Items | Amount recognized in current period | Amount recognized in previous period |
|------------------------------------|-------------------------------------|--------------------------------------|
| Employee compensation | 163,935,428.55 | 72,315,622.43 |
| Depreciation and amortization cost | 38,849,357.42 | 39,391,870.30 |
| Advisory fees | 24,372,898.92 | 11,492,830.72 |
| Labor service and greening fees | 24,334,619.12 | 13,261,717.78 |
| Share-based payment | 11,536,924.30 | 8,155,195.50 |
| Maintenance fees | 9,861,458.81 | 2,334,410.15 |
| Advertising and promotion fees | 7,145,987.91 | 6,316,528.22 |
| Travel expenses | 4,585,310.81 | 2,241,919.15 |
| Business entertainment | 4,395,572.68 | 5,599,254.86 |
| Lease payments | 2,594,658.44 | 18,372,417.83 |
| Office expenses | 2,208,909.81 | 1,473,695.54 |
| Intermediary fees | 2,009,411.24 | 2,847,771.27 |
| vehicle fees | 1,842,128.27 | 1,216,811.56 |
| Recruitment expenses | 1,624,252.82 | 767,087.57 |
| Utilities | 1,106,588.87 | 2,225,208.87 |
| Training expense | 543,859.86 | 884,877.93 |
| Legal cost | 522,213.24 | 5,180,844.49 |
| Convention service expenses | 437,458.59 | 326,950.31 |
| Insurance | 341,181.85 | 46,714.66 |
| Labour insurance premium | 120,415.11 | 422,364.47 |
| Others | 15,001,808.13 | 8,603,803.75 |
| Total | 317,370,444.75 | 203,477,897.36 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. R&D expenses

| Items | Amount recognized in current period | Amount recognized in previous period |
|-----------------------|-------------------------------------|--------------------------------------|
| Staff labor costs | 45,371,114.58 | 35,114,420.94 |
| Direct inputs | 54,389,200.46 | 4,692,016.60 |
| Depreciation expenses | 14,336,616.18 | 4,577,824.89 |
| Other related costs | 11,206,549.68 | 11,331,480.13 |
| Total | 125,303,480.90 | 55,715,742.56 |

48. Financial expenses

| Items | Amount recognized in current period | Amount recognized in previous period |
|--------------------------|-------------------------------------|--------------------------------------|
| Interest expenses | 381,748,457.77 | 296,178,284.15 |
| Less: Interest income | 37,692,414.41 | 14,327,263.61 |
| Exchange loss (gain) | -7,548,556.44 | -4,861,619.15 |
| Handling fees and others | 12,069,493.28 | 17,466,612.30 |
| Total | 348,576,980.20 | 294,456,013.69 |

49. Income tax expenses

| Items | Amount recognized in current period | Amount recognized in previous period |
|------------------------------|-------------------------------------|--------------------------------------|
| Current income tax expenses | 1,068,570,242.22 | 286,108,341.59 |
| Deferred income tax expenses | -5,629,541.79 | 57,886,806.16 |
| Total | 1,062,940,700.43 | 343,995,147.75 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Items of the cash flow statement

(1) Supplementary information of the consolidated cash flow statement

| Items | Amount recognized in current period | Amount recognized in previous period |
|---|-------------------------------------|--------------------------------------|
| 1. Net profit reconciled to cash flows from operating activities: | | |
| Net profit | 6,030,238,024.78 | 1,354,688,304.29 |
| Add: Provision for impairment of assets | 67,212,894.39 | 11,856,248.88 |
| Impairment loss of credit | 69,969,002.04 | 48,851,383.58 |
| Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets | 824,715,038.59 | 685,079,398.08 |
| Amortization of right-of-use assets | 5,432,099.21 | 9,044,244.31 |
| Amortization of intangible assets | 29,486,520.27 | 26,196,842.55 |
| Amortization of long-term deferred expenses | 2,293,391.94 | 19,109,215.97 |
| Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is represented by "-") | -1,789,467.53 | 333,486.54 |
| Loss on retirement of fixed assets (gain is represented by "-") | 132.36 | 0 |
| Gain or loss from changes in fair value (gain is represented by "-") | 14,703,522.37 | 6,763,361.45 |
| Financial expenses (income is represented by "-") | 374,199,901.33 | 297,792,932.59 |
| Investment loss (income is represented by "-") | -36,625,126.23 | -19,814,488.37 |
| Decrease of deferred income tax assets (increase is represented by "-") | -23,598,228.63 | 115,126,429.13 |
| Increase of deferred income tax liabilities (decrease is represented by "-") | -6,042,512.66 | -80,641,962.37 |
| Decrease of inventories (increase is represented by "-") | 351,298,685.61 | -1,140,940,336.80 |
| Decrease of operating receivables (increase is represented by "-") | -480,136,820.68 | -1,402,749,005.40 |
| Increase of operating payables (decrease is represented by "-") | -1,538,134,407.11 | 1,074,195,351.39 |
| Others | 0.00 | 0.00 |
| Net cash flow from operating activities | 5,683,222,650.05 | 1,004,891,405.80 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Items of the cash flow statement (continued)

(1) Supplementary information of the consolidated cash flow statement (continued)

| Items | Amount recognized in current period | Amount recognized in previous period |
|--|-------------------------------------|--------------------------------------|
| 2. Significant investment and financing activities not involving cash receipt and payment | | |
| 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 |
| 3. Net changes of cash and cash equivalents: | | |
| Balance of cash at the end of the period | 5,223,076,127.09 | 3,616,657,557.85 |
| Less: Balance of cash at the beginning of the period | 3,192,107,888.60 | 1,993,529,192.05 |
| Add: Balance of cash equivalents at the end of the period | 0.00 | 0.00 |
| Less: Balance of cash equivalents at the beginning of the period | 0.00 | 0.00 |
| Net increase of cash and cash equivalents | 2,030,968,238.49 | 1,623,128,365.80 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Items of the cash flow statement (continued)

(2) Net cash received from disposal of subsidiaries in the current period

| Items | Amount in current period |
|--|--------------------------|
| Cash or cash equivalents received in the current period from disposal of subsidiaries in the period | 76,590,500.00 |
| Including: Xi'an Guanghua Guangsheng Power Generation Co., Ltd. (西安光華廣晟發電有限公司) | 72,880,500.00 |
| TBEA (Yihuang) Wind Power Co., Ltd. (特變電工(宜黃)風電有限公司) | 3,710,000.00 |
| Less: Cash and cash equivalents held by subsidiaries at the date of losing the control right | 1,225,092.77 |
| Including: Xi'an Guanghua Guangsheng Power Generation Co., Ltd. (西安光華廣晟發電有限公司) | 672,235.76 |
| Xi'an Xinte Ruiyang Technology Co., Ltd. (西安新特瑞陽科技有限公司) | 472,523.41 |
| TBEA (Yihuang) Wind Power Co., Ltd. (特變電工(宜黃)風電有限公司) | 80,333.60 |
| Add: Cash and cash equivalents received in the current period from disposal of subsidiaries in previous periods | 125,914,091.92 |
| Including: Xi'an Tiansheng Shenghui Energy Technology Co., Ltd. (西安天盛晟輝能源科技有限公司) | 68,590,720.00 |
| Xi'an Jiangsheng Tianchen New Energy Technology Co., Ltd. (西安江晟天辰新能源科技有限公司) | 33,453,800.00 |
| Wanrong Xinjia New Energy Co., Ltd. (萬榮縣新佳新能源有限公司) | 12,000,000.00 |
| Wuzhong City Hongsipu District Xinke Energy Co., Ltd. (吳忠市紅寺堡區新科能源有限責任公司) | 6,000,000.00 |
| Awat Huaguang PV Power Co., Ltd. (阿瓦提華光光伏發電有限公司) | 3,484,071.92 |
| Xuwen Haoneng PV Power Generation Co., Ltd. (徐聞縣昊能光伏發電有限公司) | 2,000,000.00 |
| Zhangbei Xuhong New Energy Technology Co., Ltd. (張北旭弘新能源科技有限公司) | 385,500.00 |
| Net cash received from disposal of subsidiaries | 201,279,499.15 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Items of the cash flow statement (continued)

(3) Cash and cash equivalents

| Items | At the beginning of the period | At the end of the period |
|--|--------------------------------|--------------------------|
| Cash | 5,223,076,127.09 | 3,192,107,888.60 |
| Including: Cash in hand | 0.00 | 0.00 |
| Bank deposits that are readily available for payment | 5,223,076,127.09 | 3,192,107,888.60 |
| Other monetary funds that are readily available for payment | 0.00 | 0.00 |
| Cash equivalents | 0.00 | 0.00 |
| Including: Debt investments due within three months | 0.00 | 0.00 |
| Balance of cash and cash equivalents at the end of the year | 5,223,076,127.09 | 3,192,107,888.60 |
| Including: Restricted cash and cash equivalents of the parent company or subsidiaries within the group | 100,264,193.35 | 50,922,997.10 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Assets with restrictions in ownership or use rights

| Items | Carrying amount at the end of the period | Reasons for restrictions |
|--------------------------|--|--|
| Monetary capital | 1,926,059,853.85 | Security deposits for acceptance notes, term deposits or call deposits, security deposits for the letter of guarantee and others |
| Notes receivable | 465,538,857.84 | Bank acceptance notes pledged at the end of the period |
| Accounts receivable | 2,768,712,548.58 | Factoring of accounts receivable and projects pledged for borrowings |
| Receivables financing | 790,865,723.63 | Bank acceptance notes pledged at the end of the period |
| Inventories | 1,115,473,941.48 | Assets pledged for borrowings. |
| Fixed assets | 13,080,014,270.49 | Assets pledged as collateral and security of borrowings |
| Construction in progress | 109,593,363.36 | Assets pledged as collateral and security of borrowings |
| Intangible assets | 77,810,194.19 | Assets pledged as collateral and security of borrowings |
| Total | 20,334,068,753.42 | |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Foreign currency monetary items

| Items | Foreign currency balance at the end of the period | Exchange rate | Balance translated to RMB at the end of the period |
|----------------------|---|---------------|--|
| Bank deposits | | | |
| Including: USD | 10,481,117.50 | 6.7114 | 70,342,971.99 |
| EUR | 950,008.23 | 7.0084 | 6,658,037.68 |
| AUD | 1,295.19 | 4.6145 | 5,976.65 |
| Indian Rupee | 323,090,164.05 | 0.0850 | 27,462,663.94 |
| Pakistani Rupee | 70,099,885.12 | 0.0327 | 2,292,266.24 |
| Egyptian Pound | 30,134,138.28 | 0.3570 | 10,757,887.37 |
| HKD | 170,549.79 | 0.8552 | 145,854.18 |
| Chilean Peso | 13,404,014.00 | 0.0072 | 96,508.90 |
| Bangladeshi Taka | 3,633,900.71 | 0.0718 | 260,914.07 |
| Turkish Lira | 323,324.83 | 0.4037 | 130,526.23 |
| Other monetary funds | | | |
| Including: USD | 3,042,574.42 | 6.7114 | 20,419,933.96 |
| EUR | 70,193.63 | 7.0084 | 491,945.04 |
| AUD | 1,060.29 | 4.6145 | 4,892.71 |
| Accounts receivable | | | |
| Including: USD | 5,389,046.08 | 6.7114 | 36,168,043.86 |
| Indian Rupee | 42,292,527.06 | 0.0850 | 3,594,864.80 |
| Pakistani Rupee | 155,475,756.27 | 0.0327 | 5,084,057.23 |
| EUR | 864,388.00 | 7.0084 | 6,057,976.86 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Foreign currency monetary items (continued)

| Items | Foreign currency balance at the end of the period | Exchange rate | Balance translated to RMB at the end of the period |
|-------------------|---|---------------|--|
| Other receivables | | | |
| Including: USD | 52,099.19 | 6.7114 | 349,658.50 |
| EUR | 44,645.05 | 7.0084 | 312,890.37 |
| Pakistani Rupee | 145,916,406.94 | 0.0327 | 4,771,466.51 |
| Egyptian Pound | 45,901.92 | 0.3570 | 16,386.99 |
| Accounts payable | | | |
| Including: USD | 1,219,890.00 | 6.7114 | 8,187,169.75 |
| EUR | 47,914.87 | 7.0084 | 335,806.57 |
| HKD | 142,468.46 | 0.8552 | 121,839.03 |
| Pakistani Rupee | 5,378,045.07 | 0.0327 | 175,862.07 |
| Chilean Peso | 2,169,721.00 | 0.0072 | 15,621.99 |
| Egyptian Pound | 26,979,363.32 | 0.3570 | 9,631,632.71 |
| Malaysian Ringgit | 2,650.00 | 1.525 | 4,041.25 |
| Indian Rupee | 3,029,272.92 | 0.0850 | 257,488.20 |
| Other payables | | | |
| Including: USD | 471,661.04 | 6.7114 | 3,165,505.90 |
| EUR | 6,769.78 | 7.0084 | 47,445.33 |
| Pakistani Rupee | 479,240.88 | 0.0327 | 15,671.18 |
| Egyptian Pound | 461,779.32 | 0.3570 | 164,855.22 |
| AUD | 0.00 | 4.6145 | 0.00 |
| Indian Rupee | 239,053,426.75 | 0.0850 | 20,319,541.27 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 period

| Name of acquiree | Time of equity acquisition | Cost of equity acquisition | Proportion of equity acquisition (%) | Way of equity acquisition |
|--|----------------------------|----------------------------|--------------------------------------|-------------------------------------|
| Zhangbei Xuhong Power Co., Ltd. (張北旭弘電力有限公司) | December 2020 | 0.00 | 80.00 | Equity transfer under the agreement |
| Zhangbei Xuhong New Energy Technology Co., Ltd. (張北旭弘新能源科技有限公司) | December 2020 | 1.00 | 100.00 | Equity transfer under the agreement |
| Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司) | December 2020 | 365,000,000.00 | 100.00 | Equity transfer under the agreement |
| 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 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION (continued)

1. Business merger involving enterprises under different control: (continued)

(1) Business merger involving enterprises under different control in the current period (continued)

| Name of acquiree | Acquisition Date | Basis for determination of acquisition date | Revenue of the acquiree from the acquisition date to the end of the period | Net profit of the acquiree from the acquisition date to the end of the period |
|---|------------------|---|--|---|
| Zhangbei Xuhong Power Co., Ltd. (張北旭弘電力有限公司) | December 2020 | Actual acquisition of the control right to the acquiree | 0.00 | 0.00 |
| Zhangbei Xuhong New Energy Technology Co., Ltd. (張北旭弘新能源科技有限公司) | December 2020 | Actual acquisition of the control right to the acquiree | 0.00 | 0.00 |
| Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司) | December 2020 | Actual acquisition of the control right to the acquiree | 0.00 | 0.00 |
| 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 Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION (continued)

1. Business merger involving enterprises under different control: (continued)

(2) Cost of merger

| Items | Zhangbei Xuhong New Energy Technology Co., Ltd. (張北旭弘新能源科技有限公司) | Zhangbei Xuhong Power Co., Ltd. (張北旭弘電力有限公司) | Zhangbei Xuyuan New Energy Technology Co., Ltd. (張北旭源新能源科技有限公司) | Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司) |
|---|---|--|---|--|
| Cash | 0.00 | 1.00 | 1.00 | 20,000,000.00 |
| Carrying amount of non-cash assets | 0.00 | 0.00 | 0.00 | 345,000,000.00 |
| Carrying amount of debts issued or assumed | 0.00 | 0.00 | 0.00 | 0.00 |
| Carrying amount of equity bonds issued | 0.00 | 0.00 | 0.00 | 0.00 |
| Fair value of contingent consideration | 0.00 | 0.00 | 0.00 | 0.00 |
| Fair value of equity as at the acquisition date which are held before such date | 0.00 | 0.00 | 0.00 | 0.00 |
| Total cost of merger | 0.00 | 1.00 | 1.00 | 365,000,000.00 |
| Less: Share of fair value of identifiable net asset acquired | 0.00 | 1.00 | 1.00 | 365,000,000.00 |
| Excess of the share of fair value of identifiable net asset acquired over goodwill/cost of merger | 0.00 | 0.00 | 0.00 | 0.00 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION (continued)

1. Business merger involving enterprises under different control: (continued)

(3) Carrying amounts of assets and liabilities of the combined party as at the merger date

| Items | Zhangbei Xuhong New Energy Technology Co., Ltd. (張北旭弘新 能源科技有限公司) | | Zhangbei Xuhong Power Co., Ltd. (張北旭弘電力有限公司) | | Zhangbei Xuyuan New Energy Technology Co., Ltd. (張北旭源新 能源科技有限公司) | | Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司) | |
|--------------------------------|--|---|--|---|--|---|--|---|
| | Fair value at the acquisition date | Carrying amount at the acquisition date | Fair value at the acquisition date | Carrying amount at the acquisition date | Fair value at the acquisition date | Carrying amount at the acquisition date | Fair value at the acquisition date | Carrying amount at the acquisition date |
| Assets: | | | | | | | | |
| Monetary capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 19,328.96 | 19,328.96 |
| Receivables | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 354,009,077.61 | 354,009,077.61 |
| Other current assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fixed assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 41,987.78 | 41,987.78 |
| Intangible assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 107,216,731.03 | 107,216,731.03 |
| Long-term deferred expenses | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Deferred income tax assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Construction in progress | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other non-current assets | 0.00 | 0.00 | 1.00 | 0.00 | 1.00 | 0.00 | 67,940.63 | 67,940.63 |
| Liabilities: | | | | | | | | |
| Payables | | | | | | | | |
| Staff remuneration payables | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 103,908,318.60 | 103,908,318.60 |
| Taxes payable | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net asset | 0.00 | 0.00 | 1.00 | 0.00 | 1.00 | 0.00 | 365,000,000.00 | 327,048,427.16 |
| Less: Non-controlling interest | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net asset acquired | 0.00 | 0.00 | 1.00 | 0.00 | 1.00 | 0.00 | 365,000,000.00 | 327,048,427.16 |

2. Business merger involving enterprises under common control:

Nil.

3. Reverse takeover:

Nil.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION (continued)

4. Disposal of subsidiaries during the Reporting Period

Loss of control over investment in subsidiaries in a single disposal

| Name of subsidiary | Category | Proportion of equity disposed of (%) | Way of equity disposal | Time of losing the control right | Basis for determination of time of losing the control right |
|---|-------------------------|--------------------------------------|------------------------|----------------------------------|---|
| Xi'an Xinte Ruiyang Technology Co., Ltd. (西安新特瑞陽科技有限公司) | Second-level subsidiary | 100.00 | Equity transfer | February 2022 | Actual loss of control over the subsidiary |
| Yulin Xinruifengjia New Energy Co., Ltd. (榆林新瑞風嘉新能源有限責任公司) | Third-level subsidiary | 100.00 | Equity transfer | February 2022 | Actual loss of control over the subsidiary |
| Xi'an Guanghua Guangsheng Power Generation Co., Ltd. (西安光華廣晟發電有限公司) | Second-level subsidiary | 100.00 | Equity transfer | March 2022 | Actual loss of control over the subsidiary |
| Xiangyuan Yuanguang New Energy Co., Ltd. (襄垣縣垣光新能源有限公司) | Third-level subsidiary | 100.00 | Equity transfer | March 2022 | Actual loss of control over the subsidiary |
| TBEA (Yihuang) Wind Power Co., Ltd. (特變電工(宜黃)風電有限公司) | Second-level subsidiary | 100.00 | Equity transfer | April 2022 | Actual loss of control over the subsidiary |
| TBEA Ruichang Wind Power Co., Ltd. (特變電工瑞昌風電有限公司) | Third-level subsidiary | 100.00 | Equity transfer | April 2022 | Actual loss of control over the subsidiary |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION (continued)

5. Changes in the scope of consolidation for other reasons:

(1) Cancellation of subsidiaries

| Name of subsidiary | Way of disposal | Time of cancellation |
|--|-----------------|----------------------|
| Xinjiang Xinte Silicon Material Co., Ltd. (新疆新特硅材料有限公司) | Cancellation | 16 May 2022 |

(2) Newly established subsidiaries

From January to June 2022, 38 new subsidiaries including Mulei Haisheng Haojing Wind Power Co., Ltd. (木壘海盛昊晶風力發電有限公司) and Luohe Xinneng New Energy Co., Ltd. (漯河鑫能新能源有限公司) were added.

(3) Changes in the scope of consolidation for other reasons

In 2019, Sunoasis, a subsidiary of the company, acquired 90% equity of Yangxin Zeyuan Wind Power Co., Ltd. (陽新澤源風力發電有限公司) and 80% equity of Zhoukou Juzhi Wind Power Co., Ltd. (周口聚智風力發電有限公司) at RMB0.00, respectively. In 2018, Sunoasis acquired 60% equity of Zizhou Runfeng New Energy Technology Co., Ltd. (子洲縣潤峰新能源科技有限公司) and 60% equity of Wubao Huaguang Wind Power Co., Ltd. (吳堡縣華光風電有限公司) at RMB0.00, respectively. The above four companies did not actually conduct operating activities, and Sunoasis did not actually contribute during the Reporting Period. As of 30 June 2022, Sunoasis had transferred all the above-mentioned equity interests at RMB0.00.

In January 2022, Sunoasis, a subsidiary of the Company, acquired 100% of the equity of Xuyi High Drive Wind Power Co., Ltd. (盱眙高傳風力發電有限公司) through public auction, and included Xuyi High Drive Wind Power Co., Ltd. in the scope of consolidation during the Reporting Period.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Structure of the Group

1) Major subsidiaries of the Group

| Name of subsidiary | Principal place of business | Place of registration | Business | Shareholding (%) | | Way of acquisition |
|---|---|---|--|------------------|------------|--|
| | | | | Directly | Indirectly | |
| TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) | Urumqi, Xinjiang | Urumqi, Xinjiang | Construction of wind power and PV power plants | 73.83 | 0.00 | Business merger involving enterprises under common control |
| Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司) | Baotou, Inner Mongolia Autonomous Region | Baotou, Inner Mongolia Autonomous Region | Production and sales of polysilicon | 82.00 | 0.00 | Incorporation |
| Xinte Silicon New Materials Co., Ltd. (新特硅基新材料有限公司) | Changji Hui Autonomous Prefecture, Xinjiang | Changji Hui Autonomous Prefecture, Xinjiang | Production and sales of polysilicon | 100.00 | 0.00 | Incorporation |
| Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司) | Urumqi, Xinjiang | Urumqi, Xinjiang | Production and sales of polysilicon | 92.34 | 0.00 | Incorporation |
| Xinjiang Xinte Energy Construction Material Co., Ltd. (新疆新特新能建材有限公司) | Urumqi, Xinjiang | Urumqi, Xinjiang | Production and sales of aerated blocks | 100.00 | 0.00 | Incorporation |
| Xinjiang Xinte Energy Logistic Co., Ltd. (新疆新特能源物流有限公司) | Urumqi, Xinjiang | Urumqi, Xinjiang | Logistics business | 100.00 | 0.00 | Incorporation |
| Xinjiang Jingshuo New Materials Co., Ltd. (新疆晶碩新材料有限公司) | Urumqi, Xinjiang | Urumqi, Xinjiang | R&D, production and sales of zirconium-based new materials | 7.41 | 85.50 | Incorporation |
| TBEA Xi'an Electrical Technology Co., Ltd. (特變電工西安電氣科技有限公司) | Xi'an, Shaanxi | Xi'an, Shaanxi | R&D, production and sales of inverters | 0.00 | 73.83 | Incorporation |
| Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司) | Baotou, Inner Mongolia | Baotou, Inner Mongolia | Operation of PV power plants | 0.00 | 73.83 | Incorporation |
| Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司) | Altay Prefecture, Xinjiang | Altay Prefecture, Xinjiang | Operation of wind power plants | 0.00 | 73.83 | Incorporation |
| Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司) | Baotou, Inner Mongolia | Baotou, Inner Mongolia | Operation of wind power and PV power plants | 0.00 | 73.83 | Incorporation |
| Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司) | Hami, Xinjiang | Hami, Xinjiang | Operation of wind power plants | 0.00 | 73.83 | Incorporation |
| Hami Huafeng New Energy Power Generation Co., Ltd. (哈密華風新能源發電有限公司) | Hami, Xinjiang | Hami, Xinjiang | Operation of wind power plants | 0.00 | 73.83 | Incorporation |

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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 | Principal place of business | Place of registration | Business | Shareholding (%) | | Way of acquisition |
|---|---------------------------------|---------------------------------|--|------------------|------------|--|
| | | | | Directly | Indirectly | |
| Mulei Jiayu Fengsheng Power Co., Ltd. (木壘縣嘉裕風晟發電有限公司) | Changji, Xinjiang | Changji, Xinjiang | Operation of wind power plants | 0.00 | 73.83 | Incorporation |
| Mulei County Xinte Huineng Power Generation Co., Ltd. (木壘縣新特匯能發電有限責任公司) | Changji, Xinjiang | Changji, Xinjiang | Operation of wind power plants | 0.00 | 73.83 | Incorporation |
| Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新圓新能源有限公司) | Xilingol League, Inner Mongolia | Xilingol League, Inner Mongolia | Operation of wind power plants | 0.00 | 73.83 | Incorporation |
| Yu County Huaquang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司) | Yangquan, Shanxi | Yangquan, Shanxi | Operation of PV power plants | 0.00 | 73.83 | Incorporation |
| Zhengxiangbaiqi Fengsheng Power Generation Co., Ltd. (正鑲白旗風盛發電有限公司) | Xilingol League, Inner Mongolia | Xilingol League, Inner Mongolia | Operation of wind power plants | 0.00 | 73.83 | Incorporation |
| Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司) | Changji, Xinjiang | Changji, Xinjiang | Operation of wind power plants | 0.00 | 73.83 | Merger involving enterprises under different control |
| Xi'an TBEA Electric Power Design Co., Ltd. (西安特變電工電力設計有限責任公司) | Xi'an, Shaanxi | Xi'an, Shaanxi | Electric power design | 0.00 | 73.83 | 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) | Xi'an, Shaanxi | Xi'an, Shaanxi | R&D, production and sales of flexible direct current power transmission and distribution | 0.00 | 73.83 | Incorporation |
| Heze Mudan District Haofeng New Energy Co., Ltd. (菏澤市牡丹區浩風新能源有限公司) | Heze, Shandong | Heze, Shandong | Operation of wind power plants | 0.00 | 73.83 | Incorporation |
| Ruicheng Huiyuan Power Co., Ltd. (芮城縣輝源發電有限責任公司) | Yuncheng, Shanxi | Yuncheng, Shanxi | Operation of PV power plants | 0.00 | 73.83 | Incorporation |
| Chongren County Huafeng Power Generation Co., Ltd. (崇仁縣華風發電有限公司) | Fuzhou, Jiangxi | Fuzhou, Jiangxi | Operation of wind power plants | 0.00 | 73.83 | Incorporation |
| Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限責任公司) | Tai'an, Shandong | Tai'an, Shandong | Operation of PV power plants | 0.00 | 73.83 | Incorporation |

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From 1 January 2022 to 30 June 2022

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VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(2) Significant non-wholly owned subsidiaries

| Name of subsidiary | Shareholding of non-controlling interest (%) | Profit or loss attributable to non-controlling interest in current period | Dividends declared to non-controlling interest in current period | Balance of non-controlling interest at the end of the period |
|---|--|---|--|--|
| TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) | 26.17 | 146,996,414.03 | 140,974,137.93 | 2,373,996,272.34 |
| Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司) | 7.66 | 264,431,435.20 | 0.00 | 661,039,598.05 |
| Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司) | 18.00 | 140,532.32 | 0.00 | 630,063,801.32 |

| 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 |

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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 | Current assets | Non-current assets | Closing balance | | | Total liabilities |
|---|----------------|--------------------|-----------------|---------------------|-------------------------|-------------------|
| | | | 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) | 1,444,296.80 | 1,824,888.64 | 3,269,185.44 | 1,123,346.58 | 1,238,760.20 | 2,362,106.78 |
| Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司) | 852,238.76 | 532,791.83 | 1,385,030.59 | 342,506.44 | 120,260.00 | 462,766.44 |
| Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司) | 175,437.14 | 756,713.11 | 932,150.25 | 280,925.21 | 301,189.60 | 582,114.81 |

| Name of subsidiary | Current assets | Non-current assets | Opening balance | | | Total liabilities |
|--|----------------|--------------------|-----------------|---------------------|-------------------------|-------------------|
| | | | 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 |

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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 period | | | 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) | 399,528.63 | 51,704.80 | 51,115.11 | 6,979.73 |
| Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司) | 701,641.65 | 344,821.60 | 344,821.60 | 222,585.84 |
| Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司) | 2,250.82 | 78.07 | 78.07 | -44,070.81 |

(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.

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From 1 January 2022 to 30 June 2022
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VIII. INTERESTS IN OTHER ENTITIES (continued)

2. Changes in share of owner's equity in subsidiary without losing control

(1) Changes in share of owner's equity in subsidiary:

According to the resolution of the seventh extraordinary board meeting of 2022 held on 16 May 2022, the Company injected capital to Sunoasis, a subsidiary of the Company, with monetary funds of RMB1.7 billion. The price of this capital injection was determined to be RMB2.22 per share based on the assessed value of the net asset of Sunoasis as of 31 December 2021. The Company's shareholding in Sunoasis changed from 71.57% to 73.83% after the capital injection. As at 30 June 2022, the capital injection of RMB850 million had been completed.

(2) Effect of changes in share of owner's equity in subsidiary on the equity interest

| Items | Sunoasis |
|--|-----------------------|
| Cash | 850,000,000.00 |
| Fair value of non-cash assets | 0.00 |
| Total acquisition cost/disposal consideration | 850,000,000.00 |
| Less: Share of net asset of Sunoasis calculated on the basis of equity disposed of | 811,976,241.52 |
| Difference | 38,023,758.48 |
| Including: Adjustment of capital reserve | -38,023,758.48 |

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VIII. INTERESTS IN OTHER ENTITIES (continued)

2. Changes in share of owner's equity in subsidiary without losing control (continued)

(2) Effect of changes in share of owner's equity in subsidiaries on the equity interest (continued)

| Items | Sunoasis |
|--|----------------|
| Cash | 293,476,333.37 |
| Fair value of non-cash assets | 0.00 |
| Total acquisition cost/disposal consideration | 293,476,333.37 |
| Less: Share of net asset of Sunoasis calculated on the basis of equity disposed of | 296,404,814.53 |
| Difference | -2,928,481.16 |
| Including: Adjustment of capital reserve | 2,928,481.16 |

3. Interests in joint ventures or associates:

(1) Significant joint ventures or associates: Nil

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From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 period | Opening balance/amount recognized in previous period |
|---|---|--|
| Joint ventures: | | |
| Total carrying amount of investments | 73,524,179.85 | 68,674,409.69 |
| Total amount calculated according to proportion of shareholding | | |
| – Net profit | 4,433,847.30 | 10,271,918.68 |
| – Other comprehensive income | 0.00 | 0.00 |
| – Total comprehensive income | 4,433,847.30 | 10,271,918.68 |
| Associates: | | |
| Total carrying amount of investments | 386,064,143.62 | 368,818,433.42 |
| Total amount calculated according to proportion of shareholding | | |
| – Net profit | 25,586,404.56 | 41,188,865.23 |
| – Other comprehensive income | 0.00 | 0.00 |
| – Total comprehensive income | 25,586,404.56 | 41,188,865.23 |

4. Significant joint operations:

Nil.

5. Structure entities not included in the scope of consolidated financial statements:

Nil.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS

Financial instruments of the Group include borrowings, receivables and payables, and details of each are set out in Note VI. Risks related to these financial instruments and risk management policies the Group adopts to mitigate such risks are discussed below. The management of the Group manages and monitors the exposure of these risks, to ensure that these risks are controlled within specific ranges.

1. Risk management goals and policies

The goal of the Group's risk management is to achieve reasonable balance between risk and income, minimize the negative impact of risks on the Group's operating results and maximize the interests of shareholders and other equity investors. Based on the goal, the Group's basic strategy of risk management is to identify and analyze the risks the Group is subject to, establish appropriate risk tolerance baseline, promote risk management, monitor risks in a timely and reliable manner and control the risks within specific ranges.

(1) Market risks

- 1) Foreign exchange risk: The Group's foreign exchange exposure is mainly related to US dollars, HK dollars and Euro. Except that individual subsidiaries of the Group are using US dollars for sales, other main business operations of the Group are denominated and settled in RMB. As at 30 June 2022, some of the Group's assets and liabilities have balances in US dollars and few balances in Euro and Hong Kong dollars. The foreign exchange exposure of balances in such foreign currencies is minimal, and will not have a material adverse impact on the financial position of the Group. The Group adopts reasonable hedging instruments and products to reduce the risk of exchange rate fluctuations, adheres to the principle of exchange rate hedging, clarify the management of target exchange rates, and appropriately conducts businesses such as spot and forward settlements to avoid the risk of exchange rate fluctuations.

| Items | Closing balance | Opening balance |
|----------------------|-----------------|-----------------|
| Bank deposits | | |
| Including: USD | 10,481,117.50 | 10,892,292.59 |
| EUR | 950,008.23 | 263,074.81 |
| AUD | 1,295.19 | 1,295.19 |
| Indian Rupee | 323,090,164.05 | 21,651,783.91 |
| Pakistani Rupee | 70,099,885.12 | 70,622,408.10 |
| Egyptian Pound | 30,134,138.28 | 38,576,126.99 |
| HKD | 170,549.79 | 172,608.94 |
| Chilean Peso | 13,404,014.00 | 13,322,018.00 |
| Bangladeshi Taka | 3,633,900.71 | 3,633,900.71 |
| Turkish Lira | 323,324.83 | 364,826.47 |
| Other monetary funds | | |
| Including: USD | 3,042,574.42 | 2,974,848.86 |
| EUR | 70,193.63 | 12,875.00 |
| AUD | 1,060.29 | 1,060.29 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. Risk management goals and policies (continued)

(1) Market risks (continued)

1) (continued)

| Items | Closing balance | Opening balance |
|----------------------------|-----------------|-----------------|
| Accounts receivable | | |
| Including: USD | 5,389,046.08 | 10,207,933.77 |
| Indian Rupee | 42,292,527.06 | 16,090,499.45 |
| Pakistani Rupee | 155,475,756.27 | 111,374,473.61 |
| EUR | 864,388.00 | 108.00 |
| JPY | 0.00 | 0.00 |
| Other receivables | | |
| Including: USD | 52,099.19 | 247,146.12 |
| Pakistani Rupee | 0.00 | 156,432,007.60 |
| Egyptian Pound | 45,901.92 | 0.00 |
| EUR | 44,645.05 | 43,338.42 |
| Accounts payable | | |
| Including: USD | 1,219,890.00 | 1,219,890.00 |
| EUR | 47,914.87 | 47,867.37 |
| HKD | 142,468.46 | 142,468.46 |
| Pakistani Rupee | 5,378,045.07 | 3,713,818.00 |
| Chilean Peso | 2,169,721.00 | 2,169,721.00 |
| Egyptian Pound | 26,979,363.32 | 184,638.34 |
| Malaysian Ringgit | 2,650.00 | 2,650.00 |
| Indian Rupee | 3,029,272.92 | |
| Other payables | | |
| Including: USD | 471,661.04 | 471,661.04 |
| EUR | 6,769.78 | 6,571.65 |
| HKD | 0.00 | 0.00 |
| Pakistani Rupee | 479,240.88 | 559,630.58 |
| Egyptian Pound | 461,779.32 | 573,761.48 |
| AUD | 0.00 | 20.00 |
| Indian Rupee | 239,053,426.75 | |

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IX. RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

1. Risk management goals and policies (continued)

(1) Market risks (continued)

- 2) Interest rate risk: The Group's interest rate risk arises from interest-bearing liabilities such as bank borrowings. Financial liabilities at floating interest rates expose the Group to cash flow interest rate risk, and financial liabilities at fixed interest rates expose the Group to fair value interest rate risk. The Group determines the relative ratio of its fixed rate and floating rate contracts based on prevailing market conditions. As at 30 June 2022, the Company's interest-bearing liabilities mainly represent fixed rate and floating rate contracts denominated in RMB, with the aggregate value of RMB22,477,886,678. 46.
- 3) Price risk: The Group is subject to price fluctuations as it procures raw materials and sells products at market rates.

(2) Credit risk

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: to minimize the credit risk, the Group reviews customers' credit line 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 ratings and TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司).

The Group had taken necessary measures to make sure all customers have a good credit record.

(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.

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X. DISCLOSURE OF FAIR VALUE

1. Fair value of assets and liabilities measured at fair value at the end of the period

| Items | Fair value at the end of the period | | | Total |
|--|-------------------------------------|--------------------------------|--------------------------------|------------------|
| | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | |
| I. Continuous fair value measurement | | | | |
| (I) Financial assets held for trading | 0.00 | 1,304,726,703.34 | 66,908,941.06 | 1,371,635,644.40 |
| 1. Financial assets at fair value through profit or loss | 0.00 | 1,304,726,703.34 | 66,908,941.06 | 1,371,635,644.40 |
| (1) Investments in debt instruments | 0.00 | 0.00 | 0.00 | 0.00 |
| (2) Investments in equity instruments | 0.00 | | 66,908,941.06 | 66,908,941.06 |
| (3) Derivative financial instruments | 0.00 | 1,304,726,703.34 | 0.00 | 1,304,726,703.34 |
| (II) Receivables financing | 0.00 | 4,006,582,114.30 | 0.00 | 4,006,582,114.30 |
| (III) Other debt investments | 0.00 | 0.00 | 0.00 | 0.00 |
| (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 | 5,311,308,817.64 | 67,908,941.06 | 5,379,217,758.70 |

2. Valuation techniques and qualitative and quantitative information of important parameters adopted for items of continuous and non-continuous Level 2 fair value measurement

The fair value of receivables financing of the Group approximates the carrying amount, as the remaining term is relatively short.

3. Valuation techniques and qualitative and quantitative information of important parameters adopted for items of continuous and non-continuous Level 3 fair value measurement

Non-current financial assets under Level 3 fair value measurement mainly include investments in unlisted equity (private equity) and private funds. As the Company'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 Company 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.

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XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

(I) Relationship with related parties

1. Controlling shareholder and ultimate controlling party

(1) Controlling shareholder and ultimate controlling party

| Name of controlling shareholder | Registration place | Business | Registered capital (RMB'0,000) | Proportion of shareholding in the Company (%) | Proportion of voting right in the Company (%) |
|---------------------------------|--------------------|----------------------|--------------------------------|---|---|
| TBEA Co., Ltd. | Urumqi | Production and sales | 378,855.03 | 64.52 | 64.52 |

(2) Registered capital of controlling shareholder and the changes

| Controlling shareholder | Beginning of the period | Increase in current period | Decrease in current period | End of the period |
|-------------------------|-------------------------|----------------------------|----------------------------|-------------------|
| TBEA Co., Ltd. | 3,788,550,289.00 | 2,243,000.00 | 0.00 | 3,790,793,289.00 |

(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. | 922,509,361.00 | 952,449,361.00 | 64.52 | 66.61 |

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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 |
|--|--|
| Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司) | 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 |
| Shihezi Zhongjin Electrode Foil Co., Ltd. (石河子眾金電極箔有限公司) | Associate of the controlling shareholder |
| Urumqi Zhongrong Electronic Material Technology Co., Ltd. * (烏魯木齊眾榮電子材料科技有限公司) | Associate of the controlling shareholder |
| Xinjiang Ene Gold Graphene Technology Co., Ltd. * (新疆烯金石墨烯科技有限公司) | 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 |
| Wujiagu 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 |
| Wujiagu 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 |
| Guyang County Changlan Wind Power Co., Ltd. * (固陽縣長崗風力發電有限公司) | 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 Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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测設計有限公司) | 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 Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 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 |
| Deyang Modern Zhongye Project Management Co., Ltd. * (德陽現代眾業工程管理有限公司) | Enterprise controlled by the controlling shareholder |
| Tianjin Sanyang Silu Commercial Factoring Co., Ltd. * (天津三陽絲路商業保理有限公司) | Enterprise controlled by the controlling shareholder |
| Xinjiang TBEA Loulan New Material Technology Co., Ltd. * (新疆特變電工樓蘭新材料技術有限公司) | Enterprise controlled by the controlling shareholder |
| TBEA Yunji Electrical Power and Equipment Co., Ltd. * (特變電工雲集集電氣有限公司) | Enterprise controlled by the controlling shareholder |
| Xinjiang Happy Friendship Family Health & Wellness Service Co., Ltd. * (新疆幸福誼家康養服務有限公司) | 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 |
| Xinjiang TBEA Shared Financial Services Co., Ltd. * (新疆特變電工共享財務服務有限公司) | Enterprise controlled by directors of the Company |

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From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 |
|--|-------------------------------|
| Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恆潤金電力科技有限公司) | Party of other relationship |
| Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司) | Party of other relationship |
| China General Certification Center Co., Ltd. (北京鑒衡認證中心有限公司) | Party of other relationship |
| China Radio and Television Xinjiang Network Co., Ltd. * (中國廣電新疆網絡股份有限公司) | Party of other relationship |
| CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd. (中建新疆建工(集團)有限公司) | Party of other relationship |
| Anqing Wanneng New and Innovative Energy Co., Ltd. * (安慶皖能新創新能源有限公司) | Party of other relationship |
| Beijing Ruifeng Advertising Media Co., Ltd. (北京瑞風廣告傳媒有限公司) | Party of other relationship |
| Zhuobin Co., Ltd. * (卓賓有限責任公司) | Party of other relationship |
| Shishou Shouyi New Energy Co., Ltd. (石首市首義新能源有限公司) | Party of other relationship |
| Gong'an Zhurui Shengxin New Energy Co., Ltd. (公安縣竹瑞晟鑫新能源有限公司) | Party of other relationship |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

(continued)

(II) Related-party transactions

1. Related-party transactions of purchase of goods and acceptance of services

| Related party | Amount recognized in current period | Amount recognized in previous period |
|--|--|---|
| TBEA Co., Ltd. (特變電工股份有限公司) | 192,689,488.00 | 52,532,933.09 |
| Xinjiang Tianchi Energy Sales Co., Ltd. (新疆天池能源銷售有限公司) | 171,120,132.73 | 110,164,781.37 |
| TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司) | 152,141,415.89 | 3,628,318.58 |
| Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司) | 93,060,854.15 | 241,494.69 |
| TBEA Xinjiang Energy Co., Ltd. (特變電工新疆能源有限公司) | 90,871,926.60 | 74,444,778.44 |
| Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司) | 50,158,182.15 | 26,817,330.66 |
| TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司) | 43,816,346.23 | 1,214,929.63 |
| TBEA Yunji Electrical Power and Equipment Co., Ltd. * (特變電工雲集電氣有限公司) | 34,117,662.79 | 0.00 |
| TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司) | 31,445,914.35 | 219,380.55 |
| Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司) | 29,828,469.86 | 27,936,335.92 |
| Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司) | 27,263,716.75 | 3,716,814.15 |
| Shenyang TBEA Electrical Engineering Co., Ltd. (瀋陽特變電工電氣工程有限公司) | 18,497,542.06 | 17,567,213.14 |
| Tianjin TBEA Transformer Co., Ltd. (天津市特變電工變壓器有限公司) | 12,757,522.11 | 199,115.04 |
| TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司) | 12,563,833.73 | 2,830.19 |
| 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) | 12,242,539.00 | 45,847,238.17 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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)

| Related party | Amount recognized in current period | Amount recognized in previous period |
|--|-------------------------------------|--------------------------------------|
| TBEA (Deyang) Cable Co., Ltd. (特變電工(德陽)電纜股份有限公司) | 7,845,201.12 | 0.00 |
| Zhongsilu Design & Consulting Co., Ltd. (中絲路設計諮詢有限公司) | 6,845,796.97 | 0.00 |
| TBEA Shandong Shenbian Electrical Equipment Co., Ltd. (特變電工山東沈變電氣設備有限公司) | 4,159,292.04 | 0.00 |
| TBEA Technology Investment Co., Ltd. (特變電工科技投資有限公司) | 2,433,962.26 | 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) | 2,015,709.28 | 3,577,672.45 |
| TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司) | 589,645.14 | 11,125,398.23 |
| China General Certification Center Co., Ltd. (北京鑒衡認證中心有限公司) | 292,264.15 | 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) | 221,366.10 | 0.00 |
| Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司) | 171,544.95 | 236,641.93 |
| TBEA Shenyang Electric Power Survey & Design Co., Ltd. (特變電工瀋陽電力勘测設計有限公司) | 46,843.50 | 0.00 |
| TBEA Shenyang Electric Power Survey & Design Co., Ltd. (特變電工瀋陽電力勘测設計有限公司) | 21,226.42 | 0.00 |
| Northwest Wire & Cable Testing Co., Ltd. (西北電線電纜檢測中心有限公司) | 7,981.13 | 3,566.04 |
| Xinjiang Tebian Group Logistics Co., Ltd. (新疆特變電工集團物流有限公司) | 0.00 | 2,598,277.41 |
| TBEA Hunan Engineering Co., Ltd. (特變電工湖南工程有限公司) | 0.00 | 12,361,387.42 |
| TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司) | 0.00 | 2,800,000.00 |
| TBEA Xinjiang Electrical Engineering Materials Co., Ltd. (特變電工新疆電工材料有限公司) | 0.00 | 197,123.90 |
| Xinjiang TBEA Engineering Project Management Co., Ltd. (新疆特變電工工程項目管理有限公司) | 0.00 | 1,000.00 |
| Total | 997,226,379.46 | 397,434,561.00 |

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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)

| Related party | Amount recognized in current period | Amount recognized in previous period |
|---|--|---|
| Xi'an Xingwu Wind Power Co., Ltd. (西安興武風力發電有限公司) | 138,031,988.21 | 0.00 |
| Xi'an Wucheng New Energy Power Co., Ltd. (西安吳城新能源發電有限公司) | 133,215,573.41 | 0.00 |
| Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司) | 52,083,197.05 | 18,317,603.15 |
| Jiangyong Xinfeng New Energy Development Co., Ltd. * (江永鑫風新能源開發有限公司) | 12,342,251.39 | 0.00 |
| Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司) | 6,048,429.82 | 0.00 |
| Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司) | 5,026,628.52 | 0.00 |
| Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司) | 4,556,209.25 | 0.00 |
| CSCEC Xinjiang Construction & Engineering (Group) Co., LTD | 4,140,835.36 | 0.00 |
| Urumqi Zhongrong Electronic Material Technology Co., Ltd. * (烏魯木齊眾榮電子材料科技有限公司) | 3,914,714.69 | 0.00 |
| Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司) | 3,859,246.34 | 0.00 |
| 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) | 3,368,127.21 | 0.00 |
| Jeminay Xinte Wind Power Co., Ltd. (吉木乃新特風電有限公司) | 3,232,741.10 | 0.00 |
| Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司) | 2,357,369.72 | 1,853,706.77 |
| TBEA Co., Ltd. (特變電工股份有限公司) | 819,759.56 | 68,826.38 |
| Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司) | 543,350.50 | 0.00 |
| TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司) | 207,795.69 | 0.00 |
| Shihezi Zhongjin Electrode Foil Co., Ltd. (石河子眾金電極箔有限公司) | 105,832.03 | 0.00 |
| Xinjiang TBEA Loulan New Material Technology Co., Ltd. * (新疆特變電工樓蘭新材料技術有限公司) | 100,754.71 | 0.00 |
| Xinjiang Changji TBEA Energy Co., Ltd. (新疆昌吉特變能源有限責任公司) | 83,717.10 | 0.00 |
| Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司) | 51,625.47 | 51,148.58 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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)

| Related party | Amount recognized in current period | Amount recognized in previous period |
|---|-------------------------------------|--------------------------------------|
| Xinjiang Ene Gold Graphene Technology Co., Ltd. * (新疆烯金石墨烯科技有限公司) | 26,405.54 | 0.00 |
| Xinjiang Tianchi Energy Sales Co., Ltd. (新疆天池能源销售有限公司) | 14,716.98 | 0.00 |
| Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特变电工自控設備有限公司) | 10,091.74 | 0.00 |
| China Radio and Television Xinjiang Network Co., Ltd. * (中國廣電新疆網絡股份有限公司) | 2,558.23 | 0.00 |
| TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司) | 0.00 | 227,083.04 |
| Xinjiang Zhudong TBEA Energy Co., Ltd. (新疆准東特變能源有限責任公司) | 0.00 | 707.55 |
| Total | 374,143,919.62 | 20,519,075.47 |

2. Related-party trusteeship/contracting and commissioned management/outsourcing: Nil.

3. Related-party lease: Nil.

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

(continued)

(II) Related-party transactions (continued)

4. Related-party guarantee

(1) As secured party

| Guarantor | Secured party | Amount of guarantee | Inception date | Expiration date | Whether the performance is completed |
|----------------|---|---------------------|----------------|-----------------|--------------------------------------|
| TBEA Co., Ltd. | Xinte Energy Co., Ltd. | 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 |
| 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 |

5. Related-party borrowings: Nil.

6. Related-party entrusted loan: Nil.

7. Asset transfer and debt restructuring of related parties: Nil.

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From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

(continued)

(II) Related-party transactions (continued)

9. Bank deposits in TBEA Group Finance Co., Ltd.

| Entity | Closing balance | Opening balance | Remark |
|--|------------------|------------------|--------|
| Xinte Energy Co., Ltd. | 226,923,432.93 | 1,199,246,331.39 | — |
| Xinjiang Xinte Crystal Silicon Hightech Co., Ltd. (新疆新特晶體硅高科技有限公司) | 124,265,894.01 | 75,745,568.56 | — |
| Xinjiang Xinte Energy Construction Material Co., Ltd. (新疆新特新能建材有限公司) | 42,868,905.34 | 14,717,009.67 | — |
| Xinjiang Xinte Energy Construction Material Co., Ltd. (新疆新特新能建材有限公司) | 15,256,669.33 | 9,015,863.63 | — |
| Xinjiang Xinte Xinneng Materials Co., Ltd. (新疆新特新能材料檢測中心有限公司) | 27,746,419.99 | 23,530,716.07 | — |
| Xinjiang Shapai Green Energy Services Co., Ltd. (新疆沙海綠色能源服務有限公司) | 5,930,918.49 | 7,169,568.53 | — |
| Xinjiang Xinte Energy Logistic Co., Ltd. (新疆新特能源物流有限公司) | 87,781.37 | 32,601,912.08 | — |
| Xinjiang Information Technology Co., Ltd. (新疆知信科技有限公司) | 2,446,273.01 | 3,566,860.02 | — |
| Xinjiang Changhe Yangguang Property Services Co., Ltd. (新疆昌和陽光物業服務有限公司) | 2,428,580.10 | 2,547,232.37 | — |
| Inner Mongolia Xinte Silicon Materials Co., Ltd. * (內蒙古新特硅材料有限公司) | 34,699,635.41 | 188,866,535.36 | — |
| TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) | 1,497,235,508.06 | 27,568,641.66 | — |
| Shaanxi TBEA New Energy Co., Ltd. (陝西特變電工新能源有限公司) | 17,892,735.79 | 8,022,596.14 | — |
| TBEA Xi'an Electrical Technology Co., Ltd. (特變電工西安電氣科技有限公司) | 57,713,390.67 | 32,779,653.21 | — |
| Xi'an Purui Xinte Energy Co., Ltd. (西安普瑞新特能源有限公司) | 222,072.83 | 26,046.83 | — |
| TBEA Xi'an Flexible Power Transmission & Distribution Co., Ltd. (特變電工西安柔性輸配電有限公司) | 7,320,384.86 | 9,343,593.43 | — |
| Xi'an TBEA Electric Power Design Co., Ltd. (西安特變電工電力設計有限責任公司) | 26,000,893.57 | 28,766,166.19 | — |
| TBEA Inner Mongolia Energy Co., Ltd. (特變電工內蒙古能源有限公司) | 108,695.16 | 1,051,338.44 | — |
| Mulei County Jiayu Fengsheng Power Generation Co., Ltd. (木壘縣嘉裕風晟發電有限公司) | 122,290,939.22 | 29,275,931.36 | — |
| Urumqi Huaguang Guangsheng Power Technology Co., Ltd. (烏魯木齊華光光盛電力科技有限公司) | 321,139.33 | 7,764,474.06 | — |
| Urumqi Huihe Guangsheng Electric Power Technology Co., Ltd. * (烏魯木齊輝禾光晟電力科技有限公司) | 21,619.63 | 21,741.37 | — |
| Urumqi Huiyuan Guangsheng Electric Power Technology Co., Ltd. * (烏魯木齊輝源光晟電力科技有限公司) | 61,435.25 | 61,461.54 | — |
| Urumqi Huihuang Guangsheng Electric Power Technology Co., Ltd. * (烏魯木齊輝煌光晟電力科技有限公司) | 84,949.79 | 84,959.62 | — |
| Urumqi Jinyu Guangsheng Power Technology Co., Ltd. (烏魯木齊金煜光晟電力科技有限公司) | 43,262.37 | 43,345.86 | — |
| Urumqi Kangyuan Guangsheng Power Technology Co., Ltd. (烏魯木齊康源光晟電力科技有限公司) | 740,466.19 | 739,317.47 | — |
| Urumqi Mingrui Guangsheng Power Co., Ltd. (烏魯木齊明瑞廣晟發電有限公司) | 2,302,516.10 | 1,799,516.51 | — |
| Urumqi Mingyu Guangsheng Power Co., Ltd. (烏魯木齊明煜廣晟發電有限公司) | 121,175.01 | 121,120.82 | — |

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From 1 January 2022 to 30 June 2022

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XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

(continued)

(II) Related-party transactions (continued)

9. Bank deposits in TBEA Group Finance Co., Ltd. (continued)

| Entity | Closing balance | Opening balance | Remark |
|---|-----------------|-----------------|--------|
| Urumqi Yuanhe Guangrui Power Technology Co., Ltd. (烏魯木齊源禾光瑞電力科技有限公司) | 567.83 | 726.62 | — |
| Wujiaqu Xinte Power Co., Ltd. (五家渠新特電力有限公司) | 15,286,262.60 | 15,497,173.62 | — |
| Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新園新能源有限公司) | 2,285,375.09 | 7,047,334.79 | — |
| Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司) | 3,597,297.02 | 57,457.75 | — |
| Zhengxiangbaiqi Fengsheng Power Generation Co., Ltd. (正鑲白旗風盛發電有限公司) | 3,765,757.90 | 8,935,813.27 | — |
| Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司) | 1,609,104.46 | 46,774,218.57 | — |
| Hami Huafeng New Energy Power Generation Co., Ltd. (哈密華風新能源發電有限公司) | 1,663,388.71 | 30,338,397.78 | — |
| Zhoukou Yingfeng Power Co., Ltd. (周口市迎風發電有限公司) | 16,331,093.98 | 16,301,734.67 | — |
| Chengde Guangsheng Energy Technology Co., Ltd. (承德光晟能源科技有限公司) | 10,085,296.04 | 15,901,946.82 | — |
| Burqin County Jingneng Wind Power Co., Ltd. (布爾津縣晶能風力發電有限責任公司) | 62,391,643.01 | 15,289,027.06 | — |
| Baotou Guangyi Solar Power Co., Ltd. (包頭市光羿太陽能發電有限責任公司) | 4,901,772.40 | 10,601,966.08 | — |
| TBEA Baotou Energy Co., Ltd. (特變電工包頭能源有限公司) | 146,015.06 | 6,184,275.36 | — |
| Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司) | 11,599,428.31 | 5,306,827.67 | — |
| Naimanqi Huite Photovoltaic Power Generation Co., Ltd. (奈曼旗匯特光伏發電有限責任公司) | 1,316,920.71 | 3,943,532.26 | — |
| Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限責任公司) | 18,144,207.67 | 2,953,699.61 | — |
| Luyi Fengyi Power Co., Ltd. (鹿邑縣風易發電有限公司) | 5,191,523.34 | 2,887,470.86 | — |
| Ruicheng County Huiyuan Power Generation Co., Ltd. (芮城縣輝源發電有限責任公司) | 10,382,585.62 | 2,498,087.83 | — |
| TBEA South New Energy Technology Co., Ltd. (特變電工南方新能源科技有限公司) | 1,660,407.78 | 1,302,260.50 | — |
| Urumqi Yufeng Power Generation Co., Ltd. (烏魯木齊裕風發電有限責任公司) | 1,191,095.01 | 1,189,144.34 | — |
| Heze Mudan District Haofeng New Energy Co., Ltd. (荷澤市牡丹區浩風新能源有限公司) | 12,459,748.64 | 1,176,111.24 | — |
| Ningxia Guangyu Technology Co., Ltd. (寧夏光煜科技有限公司) | 1,795,963.61 | 1,080,852.77 | — |
| Xiangcheng Yuanhui Wind Power Co., Ltd. (項城市遠匯風電有限公司) | 881,316.39 | 879,918.97 | — |
| TBEA Shanxi Energy Technology Co., Ltd. (特變電工山西能源科技有限公司) | 332,786.42 | 647,843.96 | — |
| Zhengxiangbaiqi Huite PV Power Co., Ltd. (正鑲白旗匯特光伏發電有限公司) | 343,803.04 | 343,355.45 | — |
| Xifeng Rongsheng Power New Energy Co., Ltd. (西豐縣榮晟電力新能源有限公司) | 10,541.36 | 201,423.84 | — |

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XI. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

(continued)

(II) Related-party transactions (continued)

9. Bank deposits in TBEA Group Finance Co., Ltd. (continued)

| Entity | Closing balance | Opening balance | Remark |
|---|-------------------------|-------------------------|--------|
| Urumqi Jiayu Fengsheng Power Technology Co., Ltd. (烏魯木齊嘉裕風晟電力科技有限公司) | 33,924.25 | 36,653.32 | — |
| Xinjiang Xinte Photovoltaic Energy Technology Co., Ltd. (新疆新特光伏能源科技有限公司) | 38,488.52 | 23,491.56 | — |
| TBEA Hami Photovoltaic Technology Co., Ltd. (特變電工哈密光伏科技有限公司) | 99,641.13 | 6,625.71 | — |
| Urumqi Huahui Guangsheng Power Co., Ltd. (烏魯木齊華輝廣晟發電有限公司) | 941,015.48 | 626.52 | — |
| Urumqi Jiarui Fengsheng Power Technology Co., Ltd. (烏魯木齊嘉瑞風晟電力科技有限公司) | 69.08 | 228.90 | — |
| Urumqi Huacan Wind Power Co., Ltd. (烏魯木齊華燦風力發電有限責任公司) | 40.07 | 0.01 | — |
| Dunhuang Teneng New Energy Co., Ltd. * (敦煌市特能新能源有限公司) | 21,285,913.02 | 0.00 | — |
| Hami Shisanjianfang Xinte Wind Energy Co., Ltd. * (哈密十三間房新特風能有限責任公司) | 33,390,063.65 | 0.00 | — |
| Jinggangshan Huafeng TBEA Power Generation Co., Ltd. * (井岡山市華風特變電工發電有限公司) | 40.06 | 0.00 | — |
| Jiuquan Xinsheng Haoyu Electric Power Equipment Co., Ltd. * (酒泉新晟浩宇電力設備有限公司) | 5,000,000.00 | 0.00 | — |
| Luochuan Fuyang New Energy Co., Ltd. * (洛川賦陽新能源有限公司) | 22.18 | 0.00 | — |
| Mulei County Xinte Huineng Power Generation Co., Ltd. (木壘縣新特匯能發電有限責任公司) | 40.06 | 0.00 | — |
| Urumqi Huite PV Power Generation Co., Ltd. * (烏魯木齊匯特光伏發電有限責任公司) | 802.75 | 0.00 | — |
| Urumqi Green Energy Wind Power Co., Ltd. * (烏魯木齊綠能風力發電有限責任公司) | 40.06 | 0.00 | — |
| Urumqi Rongsheng New Energy Co., Ltd. * (烏魯木齊榮晟新能源有限責任公司) | 40.06 | 0.00 | — |
| Urumqi Yuneng Wind Power Co., Ltd. * (烏魯木齊昱能風力發電有限責任公司) | 40.06 | 0.00 | — |
| Xi'an Fuyang New Energy Co., Ltd. * (西安賦陽新能源有限公司) | 1,878.16 | 0.00 | — |
| Xinte (Tianjin) Energy Technology Co., Ltd. * (新特(天津)能源科技有限責任公司) | 511,080,000.00 | 0.00 | — |
| Total | 2,974,381,654.40 | 1,901,885,729.90 | — |

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 | Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司) | 21,797,751.31 | 66,185,255.21 |
| Contract assets | Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司) | 14,920,500.00 | 14,920,500.00 |
| Contract assets | Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司) | 13,257,186.47 | 30,872,421.60 |
| Contract assets | TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司) | 118,000.00 | 0.00 |
| Contract assets | Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司) | 86,000.00 | 86,000.00 |
| Contract assets | Xinjiang TBEA Loulan New Material Technology Co., Ltd. * (新疆特變電工樓蘭新材料技術有限公司) | 1,192.00 | 0.00 |
| Contract assets | Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司) | 0.00 | 70,601,258.41 |
| Contract assets | TBEA Co., Ltd. (特變電工股份有限公司) | 0.00 | 121,500.00 |
| Other non-current assets | TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司) | 125,686,902.64 | 59,426,349.96 |
| Other non-current assets | TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司) | 47,041,014.55 | 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) | 9,266,221.80 | 11,879,786.80 |
| Other non-current assets | TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司) | 6,176,991.16 | 460,176.99 |
| Other non-current assets | Tianjin TBEA Transformer Co., Ltd. (天津市特變電工變壓器有限公司) | 5,659,320.00 | 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) | 2,886,075.30 | 1,315,623.90 |
| Other non-current assets | TBEA Co., Ltd. (特變電工股份有限公司) | 0.00 | 23,023,629.95 |
| Other receivables | Gong'an Zhurui Shengxin New Energy Co., Ltd. (公安縣竹瑞晟鑫新能源有限公司) | 17,876,575.50 | 0.00 |
| Other receivables | TBEA Co., Ltd. (特變電工股份有限公司) | 5,069,100.13 | 7,027,940.41 |
| Other receivables | Shishou Shouyi New Energy Co., Ltd. (石首市首義新能源有限公司) | 2,610,950.82 | 3,000,000.00 |
| Other receivables | Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恒潤金電力科技有限公司) | 1,623,000.00 | 1,623,000.00 |
| Other receivables | CSCEC Xinjiang Construction & Engineering (Group) Co., LTD | 30,000.00 | 0.00 |
| 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 | Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司) | 0.00 | 14,828,472.83 |
| Other receivables | Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司) | 0.00 | 7,546.00 |
| Other receivables | Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司) | 0.00 | 3,500.00 |

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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 |
|----------------------|--|-----------------|-----------------|
| 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 | 17,657,748.51 |
| Dividends receivable | 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) | 7,559,818.83 | 7,559,818.83 |
| Dividends receivable | Wujiaqu Xinte Energy Co., Ltd. (五家渠新特能源有限責任公司) | 5,698,292.32 | 5,698,292.32 |
| 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 | 905,417.52 |
| Dividends receivable | Huocheng Huaguang Power Generation Co., Ltd. (霍城華光發電有限責任公司) | 0.00 | 20,908,906.98 |
| Dividends receivable | Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司) | 0.00 | 10,874,696.71 |
| Accounts receivable | Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司) | 29,865,386.63 | 0.00 |
| Accounts receivable | Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司) | 19,623,588.68 | 5,219,891.97 |
| Accounts receivable | Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司) | 15,858,078.61 | 6,086,610.41 |
| Accounts receivable | Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司) | 5,065,300.00 | 5,065,300.00 |
| Accounts receivable | CSCEC Xinjiang Construction & Engineering (Group) Co., LTD | 3,978,300.68 | 0.00 |
| Accounts receivable | Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司) | 3,151,729.64 | 10,657,659.43 |
| Accounts receivable | Tumxuk Hengrunjin Power Technology Co., Ltd. (圖木舒克恒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) | 1,132,640.00 | 1,698,960.00 |
| Accounts receivable | Urumqi Zhongrong Electronic Material Technology Co., Ltd. * (烏魯木齊眾榮電子材料科技有限公司) | 1,095,076.80 | 0.00 |
| Accounts receivable | Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司) | 605,000.45 | 0.00 |
| Accounts receivable | Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司) | 580,074.74 | 580,074.74 |
| Accounts receivable | Xinjiang Zhundong TBEA Energy Co., Ltd. (新疆准東特變能源有限責任公司) | 233,367.91 | 270,117.91 |
| Accounts receivable | Xinjiang Changji TBEA Energy Co., Ltd. (新疆昌吉特變能源有限責任公司) | 206,747.84 | 119,907.71 |
| Accounts receivable | Shihezi Zhongjin Electrode Foil Co., Ltd. (石河子眾金電極箔有限公司) | 48,632.40 | 109,152.00 |
| Accounts receivable | Xinjiang TBEA Loulan New Material Technology Co., Ltd. * (新疆特變電工樓蘭新材料技術有限公司) | 18,000.00 | 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) | 11,000.00 | 2,610.00 |
| Accounts receivable | Hotan Saiwei PV Technology Co., Ltd. (和田賽維光伏科技有限公司) | 0.00 | 9,139,646.76 |
| Accounts receivable | TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司) | 0.00 | 1,180,000.00 |
| Accounts receivable | TBEA Co., Ltd. (特變電工股份有限公司) | 0.00 | 691,500.00 |
| Accounts receivable | Xinjiang Tebian Group Co., Ltd. (新疆特變電工集團有限公司) | 0.00 | 240,000.00 |
| Accounts receivable | Xinjiang Changte Power Transmission and Transformation Devices Co., Ltd. (新疆昌吉特輸變電配件有限公司) | 0.00 | 40,390.00 |
| Accounts receivable | Zhuobin Co., Ltd. * (卓賓有限責任公司) | 0.00 | 318.79 |

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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 Co., Ltd. (特變電工股份有限公司) | 80,487,624.06 | 3,319,560.00 |
| Prepayments | TBEA Shandong Luneng Taishan Cable Co., Ltd. (特變電工山東魯能泰山電纜有限公司) | 28,110,759.72 | 1,785,000.00 |
| Prepayments | Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司) | 13,680,774.32 | 651,449.11 |
| Prepayments | TBEA Yunji Electrical Power and Equipment Co., Ltd. * (特變電工雲集電氣有限公司) | 8,572,800.00 | 0.00 |
| Prepayments | Inner Mongolia TBEA Energy Equipment Co., Ltd. (內蒙古特變電工能源裝備有限公司) | 6,636,960.00 | 6,636,960.00 |
| Prepayments | Xinjiang Tebian Group Logistics Co., Ltd. (新疆特變電工集團物流有限公司) | 4,680,000.00 | 4,680,000.00 |
| Prepayments | TBEA Shenyang Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司) | 1,140,000.00 | 1,140,000.00 |
| 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) | 580,297.50 | 56,364.00 |
| Prepayments | TBEA Technology Investment Co., Ltd. (特變電工科技投資有限公司) | 407,321.00 | 407,321.00 |
| Prepayments | TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司) | 268,800.00 | 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) | 1,000.00 | 41,145.00 |
| Prepayments | TBEA Shandong Shenbian Electrical Equipment Co., Ltd. (特變電工山東沈變電氣設備有限公司) | 0.00 | 1,410,000.00 |
| Prepayments | TBEA (Deyang) Electrical Engineering Co., Ltd. (特變電工(德陽)電力工程有限公司) | 0.00 | 88,105.33 |
| Prepayments | TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司) | 0.00 | 48,000.00 |
| Total | | 534,130,812.12 | 432,517,379.37 |

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From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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) | 2,304,000,000.00 | 980,000,000.00 |
| Long-term borrowings | TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司) | 310,000,000.00 | 120,000,000.00 |
| Contract liabilities | Gong'an Zhurui Shengxin New Energy Co., Ltd. (公安縣竹瑞晨鑫新能源有限公司) | 97,678,899.08 | 0.00 |
| Contract liabilities | Shishou Shouyi New Energy Co., Ltd. (石首市首義新能源有限公司) | 69,834,862.39 | 0.00 |
| Contract liabilities | Jiangyong Shenghua Energy Development Co., Ltd. (江永晟華能源開發有限公司) | 39,503,591.99 | 0.00 |
| Contract liabilities | Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司) | 18,712,213.94 | 0.00 |
| Contract liabilities | Wuling Jiangyong Power Co., Ltd. (五凌江永電力有限公司) | 1,594,622.39 | 550,791.06 |
| Contract liabilities | Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司) | 1,035,599.78 | 0.00 |
| Contract liabilities | Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司) | 661,635.11 | 454,667.66 |
| Contract liabilities | Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司) | 92,035.40 | 0.00 |
| Contract liabilities | TBEA Co., Ltd. (特變電工股份有限公司) | 0.00 | 601,769.71 |
| Contract liabilities | Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司) | 0.00 | 478,672.57 |
| Contract liabilities | TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司) | 0.00 | 207,795.69 |
| Contract liabilities | Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司) | 0.00 | 7,951.86 |
| Other current liabilities | Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司) | 59,547.16 | 40,920.09 |
| Other current liabilities | Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司) | 11,964.60 | 0.00 |
| Other current liabilities | Daoxian Clean Energy Development Co., Ltd. (道縣清潔能源開發有限公司) | 0.00 | 464,185.81 |
| Other current liabilities | TBEA Co., Ltd. (特變電工股份有限公司) | 0.00 | 78,230.29 |
| Other current liabilities | Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司) | 0.00 | 62,227.43 |
| Other current liabilities | Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司) | 0.00 | 1,033.74 |
| Other payables | TBEA Energy (India) Co., Ltd. (特變電工能源(印度)有限公司) | 5,493,836.94 | 4,308,534.33 |
| Other payables | Jiangyong Clean Energy Development Co., Ltd. (江永清潔能源開發有限公司) | 244,161.92 | 244,161.92 |
| Other payables | TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司) | 162,500.00 | 254,243.12 |
| Other payables | TBEA Co., Ltd. (特變電工股份有限公司) | 37,120.23 | 0.00 |
| 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 | China Radio and Television Xinjiang Network Co., Ltd. * (中國廣電新疆網絡股份有限公司) | 2,890.80 | 0.00 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 | Sanyang Silu (Khorgas) Factoring Co., Ltd. (三陽絲路(霍爾果斯)商業保理有限公司) | 124,307,422.88 | 105,965,122.62 |
| Accounts payable | TBEA Intelligent Electrical Power and Equipment Co., Ltd. (特變電工智能電氣有限責任公司) | 41,946,902.66 | 41,145.00 |
| Accounts payable | Zhongsilu Construction Investment Group Co., Ltd. (中絲路建設投資集團有限公司) | 36,515,517.29 | 34,050,576.49 |
| Accounts payable | Xinjiang TBEA International Package Services Co., Ltd. (新疆特變電工國際成套工程承包有限公司) | 31,917,170.97 | 33,472,554.09 |
| Accounts payable | Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司) | 27,332,582.70 | 5,088,910.20 |
| Accounts payable | Xinjiang Tianchi Energy Sales Co., Ltd. (新疆天池能源銷售有限公司) | 23,631,597.37 | 27,607,360.63 |
| Accounts payable | Nanjing Electric Power Research and Automation Co., Ltd. (南京電研電力自動化股份有限公司) | 19,990,800.00 | 7,332,965.49 |
| Accounts payable | Xinjiang TBEA Automatic Control Equipment Co., Ltd. (新疆特變電工自控設備有限公司) | 17,174,452.84 | 5,631,443.43 |
| Accounts payable | Shenyang TBEA Electrical Engineering Co., Ltd. (瀋陽特變電工電氣工程有限公司) | 15,817,108.97 | 7,981,046.69 |
| Accounts payable | TBEA Xinjiang Energy Co., Ltd. (特變電工新疆能源有限公司) | 12,312,660.55 | 15,751,926.61 |
| Accounts payable | TBEA International Engineering Co., Ltd. (特變電工國際工程有限公司) | 8,764,490.83 | 2,541,220.66 |
| Accounts payable | Tianjin TBEA Transformer Co., Ltd. (天津市特變電工變壓器有限公司) | 4,835,997.01 | 188,547.01 |
| 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) | 4,469,842.49 | 351,022.84 |
| Accounts payable | Urumqi Xinte Power Generation Co., Ltd. (烏魯木齊新特發電有限責任公司) | 3,800,000.00 | 7,127,545.24 |
| Accounts payable | TBEA Yunji Electrical Power and Equipment Co., Ltd. * (特變電工雲集電氣有限公司) | 3,384,000.00 | 0.00 |
| 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) | 3,290,000.00 | 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) | 3,191,750.72 | 639,367.09 |
| Accounts payable | Tianjin Sanyang Silu Commercial Factoring Co., Ltd. * (天津三陽絲路商業保理有限公司) | 3,157,040.90 | 0.00 |
| Accounts payable | TBEA Hunan Engineering Co., Ltd. (特變電工湖南工程有限公司) | 2,716,303.65 | 0.00 |
| Accounts payable | TBEA Hunan Electrical Power and Equipment Co., Ltd. (特變電工湖南電氣有限公司) | 2,466,168.00 | 2,570,168.00 |
| Accounts payable | TBEA Hengyang Transformer Co., Ltd. (特變電工衡陽變壓器有限公司) | 1,901,993.62 | 1,901,993.62 |
| 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 Co., Ltd. (特變電工股份有限公司) | 1,472,194.88 | 324,284.36 |
| Accounts payable | CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd. (中建新疆建工(集團)有限公司) | 1,447,320.82 | 0.00 |

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From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 | Xinjiang Changte Power Transmission and Transformation Devices Co., Ltd. (新疆昌特輸變電配件有限公司) | 617,904.46 | 617,904.46 |
| Accounts payable | TBEA Yunji High-voltage Switch Co., Ltd. (特變電工雲集高壓開關有限公司) | 537,450.00 | 822,450.00 |
| Accounts payable | Changji Hui Autonomous Prefecture TBEA Employee Training Center (昌吉回族自治州特變電工職業培訓中心) | 245,323.50 | 245,323.50 |
| Accounts payable | China General Certification Center Co., Ltd. (北京鑒衡認證中心有限公司) | 110,600.00 | 231,200.00 |
| Accounts payable | Xinjiang Tebian Group Logistics Co., Ltd. (新疆特變電工集團物流有限公司) | 82,044.58 | 82,044.55 |
| Accounts payable | Xinjiang Joinworld Jinyuan Magnesium Industry Co., Ltd. (新疆眾和金源鎂業有限公司) | 76,261.06 | 76,261.06 |
| Accounts payable | Liaoning Hanwei International Logistics Co., Ltd. (遼寧漢威國際物流有限公司) | 74,864.98 | 87,979.95 |
| 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) | 46,518.31 | 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) | 39,400.00 | 348,672.57 |
| Accounts payable | TBEA Shenyang Electric Power Survey & Design Co., Ltd. (特變電工瀋陽電力勘测設計有限公司) | 21,226.42 | 0.00 |
| Accounts payable | Inner Mongolia TBEA Energy Equipment Co., Ltd. (內蒙古特變電工能源裝備有限公司) | 0.00 | 7,987,876.33 |
| Accounts payable | TBEA (Deyang) Cable Co., Ltd. (特變電工(德陽)電纜股份有限公司) | 0.00 | 416,375.20 |
| Total | | 3,263,953,448.29 | 1,378,771,527.07 |

(IV) Related-party commitment

Nil.

XII. SHARE-BASED PAYMENT

The Company recognized cumulative share-based payment expenses of RMB48,932,451.55 under the share incentive plan implemented by TBEA Co., Ltd. participated by certain employees, of which: administrative expenses of RMB4,411,364.75 were recognized during January to June 2022, and share-based payment expenses of RMB7,860,694.66 were recognized under the 2022 Employee Share Ownership Scheme during January to June 2022.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

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XIII. CONTINGENCIES

1. Contingent liabilities arising from pending lawsuits or arbitration: Nil.
2. Contingent liabilities arising from provision of external guarantees: Nil.
3. Other contingent liabilities: Nil.
4. As at 30 June 2022, the Group did not have other material contingencies.

XIV. COMMITMENTS

1. Significant commitments

As at 30 June 2022, the Group's guarantees for contingent liabilities in the form of bank letter of guarantee were equivalent to RMB2,266,765,454.43 at the benchmark exchange rate at the end of the period, with maturity in 2027 at the latest.

2. Information of mortgaged assets

| Entity mortgaging assets | Mortgagee | Category of mortgaged assets | Appraised asset value/ | |
|---|---|--|------------------------|--|
| | | | Original book value | Project of mortgage/guarantee |
| Xinte Energy Co., Ltd. | Industrial Bank Co., Ltd. Urumqi Branch | Machinery and equipment of the 180,000-ton-per-annum Deep Cold Hydrogenation and Recycling of Silicon Tetrachloride and High-purity Polysilicon Transformation and Upgrading Project | 706,605,468.88 | Machinery and equipment of the 180,000-ton-per-annum 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機器設備) |
| Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司) | China Development Bank Xinjiang Branch | Fixed assets and land use rights after the completion of TBEA Guyang Xingshunxi Wind Power Plant Phase I 100MW Wind Power Project | 643,395,218.75 | TBEA Guyang Xingshunxi Wind Power Plant Phase I 100MW Wind Power Project (特變電工固陽興順西風電場一期100MW風電工程項目) |
| Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司) | China Development Bank Xinjiang Branch | Fixed assets and land use rights after the completion of TBEA Guyang Xingshunxi PV Power Plant 20MW Integrated Wind Power and PV Power Plant PV Power Generation Project | | TBEA Guyang Xingshunxi PV Power Plant 20MW Integrated Wind Power and PV Power Plant PV Power Generation Project (特變電工固陽興順西光伏電場20MW風光同場太陽能光伏發電工程項目) |
| Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司) | China Development Bank Xinjiang Branch | Lands, buildings, machinery and equipment of Xinjiang Hami Wind Power Base Phase II Jingxia No. 6 Wind Power Plant Block B 200MW Project (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) | 1,365,521,562.88 | 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) |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 |
| Zhengxiangbaiqi Fengsheng Power Generation Co., Ltd. (正鑠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 | 2,628,953,300.33 | Fengsheng Zhengxiangbaiqi Ultra-high Voltage 275,000kW Wind Power Plant Project under the Poverty Alleviation Program (風盛正鑠白旗特高壓外送27.5萬千瓦風電場扶貧開發建設項目) |
| Zhengxiangbaiqi Fengsheng Power Generation Co., Ltd. (正鑠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 200,000kW Wind Power Plant Project | | Fengsheng Zhengxiangbaiqi Ultra-high Voltage 200,000kW Wind Power Plant Project under the Poverty Alleviation Program (風盛正鑠白旗特高壓外送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 | Fixed assets after the completion of Shanxi Ruicheng PV Leading Technology Base Xiyao 50MW PV Power Project | 299,961,513.17 | 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 (山西陽泉市採煤深陷區國家先進技術光伏發電示範基地項目) |
| Hami Huafeng New Energy Power Generation Co., Ltd. (哈密華風新能源發電有限公司) | China Development Bank Xinjiang Branch | Fixed assets after the completion of Hami Southeast Shankou TBEA 150MWp PV Power Project | 862,746,853.57 | 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 | 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 Limited 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責任公司) | 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. (雲縣匯能發電有限責任公司) | 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 (雲縣幹龍潭併網光伏電站項目) |
| Mulei County Xinte Huiheng 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 | Fixed assets after the completion of Mulei Laojunmiao 100MW Wind Power Project | 651,211,400.35 | Mulei Laojunmiao 100MW Wind Power Project (木壘老君廟100MW風力發電項目) |

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From 1 January 2022 to 30 June 2022

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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 |
| 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) |
| 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 | 575,471,755.65 | 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 Limited 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) | Shanghai Pudong Development Bank Co., Ltd. Heze Branch | Fixed assets of Haofeng New Energy Mudan District Wanghao Village 50MW Wind Power Project | 338,957,494.41 | 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) | Shanghai Pudong Development Bank Co., Ltd. Xuchang Branch | Fixed assets after the completion of Luyi Mudian 20MW Distributed Project | 170,818,875.57 | Luyi Mudian 20MW Distributed Project (鹿邑縣店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 Co., Ltd. Xinjiang Branch | Fixed assets after the completion of Zaozhuang Yicheng Gypsum Mine Subsidence Area 150MW Fishery-PV Complement PV Power Project | 387,892,740.13 | 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 Limited Hami Branch | Fixed assets after the completion of Luotuoquanzi 15MW Distributed Wind Power Project | 97,819,027.05 | Luotuoquanzi 15MW Distributed Wind Power Project (駱駝圈子15MW分散式風電項目) |
| Huo Cheng Guangsheng PV Power Co., Ltd. (霍城縣光晟光伏發電有限公司) | China Construction Bank Corporation Changji Branch | Fixed assets after the completion of Huo Cheng 50MW PV Power Project | 188,189,244.19 | Huo Cheng 50MW PV Power Project (霍城50MW光伏發電項目) |

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From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 |
| 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 (新圓正鑛白旗特高壓外送20萬千瓦風電場扶貧開發建設項目) |
| Zhongmin (Mulei) Wind Power Co., Ltd. (中閩(木壘)風電有限公司) | Agricultural Bank of China Financial Leasing Co., Ltd. | Wind power generating units and towers of Zhongmin Wind Power Mulei Dashitou 200MW Wind Power Project | 1,392,138,986.24 | 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) |
| Shache County Xinshang Energy Power Generation Co., Ltd. (莎車縣新尚能源發電有限責任公司) | Industrial and Commercial Bank of China Limited Kashgar Branch | Fixed assets after the completion of Xinshang Energy Shache 100MW PV On-grid Power and Energy Storage Facilities Project | 51,475,756.42 | Xinshang Energy Shache 100MW PV On-grid Power and Energy Storage Facilities Project (新尚能源莎車100兆瓦光伏併網發電和儲能設施項目) |
| Kalpin County Kete New Energy Co., Ltd. (柯坪縣柯特新能源有限責任公司) | China Development Bank Xinjiang Branch | Fixed assets after the completion of Kete New Energy Kalpin County 100MW PV and Energy Storage and Power Generation Project | 27,931,338.62 | Kete New Energy Kalpin County 100MW PV and Energy Storage and Power Generation Project (柯特新能源柯坪縣100兆瓦光伏及儲能發電項目) |
| Xifeng Rongsheng Power New Energy Co., Ltd. (西豐縣榮晟電力新能源有限公司) | China Development Bank Liaoning Branch | Fixed assets after the completion of Tieling Xifeng County Baiyu Township Wind Power Project | 441,977,590.00 | Tieling Xifeng County Baiyu Township Wind Power Project (鐵嶺市西豐縣柏榆鎮風電項目) |
| Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限責任公司) | ICBC Changji Branch | Fixed assets after the completion of Sihuai Region 50MW Agriculture-PV Complement On-grid Power Project | 363,475,777.18 | Xintai Guanghua PV Power Generation Co., Ltd. Sihuai Region 50MW Agriculture-PV Complement On-grid Power Project (新泰市光華光伏發電有限責任公司四槐片區50MW農光互補併網發電項目) |
| Wuwei Wusheng New Energy Technology Co., Ltd. (武威武晟新能源科技有限公司) | Agricultural Bank of China Financial Leasing Co., Ltd. | Fixed assets after the completion of Wuwei Wusheng 150 MW PV Power Project | 13,629,928.28 | Wuwei Wusheng 150 MW PV Power Project (武威武晟150兆瓦光伏發電項目) |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

XIV. COMMITMENTS (continued)

3. Information of pledged assets

| Entity pledging assets | Pledgee | Category of pledged assets | Appraised asset value/Original book value | Project of pledge/guarantee |
|---|--|--|---|---|
| Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司) | China Development Bank Xinjiang Branch | The right to tariff after the completion and all revenue under the project | 278,892,394.00 | TBEA Guyang Xingshunxi Wind Power Plant Phase I 100MW Wind Power Project (特變電工固陽興順西風電場一期100MW風電工程項目) |
| Guyang County Wind Power Generation Co., Ltd. (固陽縣風源發電有限責任公司) | China Development Bank Xinjiang Branch | The right to tariff after the completion and all revenue under the project | | TBEA Guyang Xingshunxi PV Power Plant 20MW Integrated Wind Power and PV Power Plant PV Power Generation Project (特變電工固陽興順西光伏電場20MW風光同場太陽能光伏發電工程項目) |
| Hami Fengshang Power Generation Co., Ltd. (哈密風尚發電有限責任公司) | China Development Bank Xinjiang Branch | The right to tariff after the completion and all revenue under the project | 533,140,690.32 | 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 | 241,373,584.92 | 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) |
| 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 | | 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 | 74,581,320.20 | Xinjiang Shanxi Ruicheng PV Leading Technology Base Xiyao 50MW PV Power Project (新疆山西芮城光伏領跑技術基地西堯50MW光伏發電項目) |
| Yu County Huaguang PV Power Generation Co., Ltd. (孟縣華光光伏發電有限公司) | China Development Bank Xinjiang Branch | The right to tariff after the completion and all revenue under the project | 220,745,765.95 | 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 | 673,214,402.27 | 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) |
| Hegong Huineng Power Generation Co., Ltd. (鶴慶匯能發電有限責任公司) | China Development Bank Xinjiang Branch | The right to tariff after the completion and all revenue under the project | 77,834,999.09 | Shanxi Ruicheng PV Leading Technology Base Xiyao 50MW PV Power Project (山西芮城光伏領跑技術基地西堯50MW光伏發電項目) |

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 |
|--|---|--|---|---|
| Chongren County Huafeng Power Generation Co., Ltd. (崇仁縣華風發電有限公司) | Agricultural Bank of China Limited 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 | 117,731,753.77 | Huite Naimanqi 30MWp PV On-grid Power Project (匯特奈曼旗30MWp光伏併網發電項目) |
| Yun County Huineng Power Co., Ltd. (雲縣匯能發電有限責任公司) | China Development Bank Xinjiang Branch | The right to tariff after the completion and all revenue under the project | 94,911,292.85 | 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 | 67,948,055.58 | 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 | 111,465,124.94 | 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 | 100,595,038.21 | 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 Limited Burqin Sub-branch | The right to tariff after the completion and all revenue under the project | 112,596,053.90 | 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) | Shanghai Pudong Development Bank Co., Ltd. Heze Branch | The right to tariff after the completion and all revenue under the project | 37,854,264.99 | Haofeng New Energy Mudan District Wanghao Village 50MW Wind Power Project (浩風新能源牡丹區王浩屯50MW風電項目) |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

XIV. COMMITMENTS (continued)

3. Information of pledged assets (continued)

| Entity pledging assets | Pledgee | Category of pledged assets | Appraised asset value/Original book value | Project of pledge/guarantee |
|---|---|--|---|--|
| Luyi Fengyi Power Co., Ltd. (鹿邑縣風易發電有限公司) | Shanghai Pudong Development Bank Co., Ltd. Xuchang Branch | The right to tariff after the completion and all revenue under the project | 8,646,679.52 | Luyi Mudian 20MW Distributed Project (鹿邑穆店20MW分散式項目) |
| Zaozhuang Yizhihuang New Energy Co., Ltd. (棗莊嶧之光新能源有限公司) | Bank of Communications Co., Ltd. Xinjiang Branch | The right to tariff after the completion and all revenue under the project | 5,326,449.76 | 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 Limited Hami Branch | The right to tariff after the completion and all revenue under the project | 2,977,606.29 | 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 Corporation Changji Branch | The right to tariff after the completion and all revenue under the project | 1,764,336.71 | Huocheng 50MW PV Power Project (霍城50MW光伏發電項目) |
| Xilingol Xinyuan New Energy Co., Ltd. (錫林郭勒新圓新能源有限公司) | China Development Bank Xinjiang Branch | The right to tariff after the completion and all revenue under the project | 93,494,716.06 | 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) |
| Xintai Guanghua PV Power Generation Co., Ltd. (新泰市光華光伏發電有限責任公司) | ICBC Changji Branch | The right to tariff after the completion and all revenue under the project | 549,240,000.00 | Xintai Guanghua PV Power Generation Co., Ltd. Sihuai Region 50MW Agriculture-PV Complement On-grid Power Project (新泰市光華光伏發電有限責任公司四槐片區50Mw農光互補併網發電項目) |
| Wuwei Wusheng New Energy Technology Co., Ltd. (武威武晟新能源科技有限公司) | Agricultural Bank of China Financial Leasing Co., Ltd. | The right to tariff after the completion and all revenue under the project | 1,831,181,600.00 | Wuwei Wusheng 150 MW PV Power Project (武威武晟150兆瓦光伏發電項目) |

XV. EVENTS AFTER THE BALANCE SHEET DATE

Nil.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
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XVI. OTHER SIGNIFICANT MATTERS

1. Segment Information

The chief operating decision maker 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 chief operating decision maker considers the business from a product and service perspective. Management separately considers the polysilicon, the construction and operation of wind power and PV power plants as reportable operating segments. Other segments mainly comprise of businesses including manufacturing and sales of inverter, flexible direct current transmission converter valve, SVG and other miscellaneous services.

The chief operating decision maker assesses the performance of the operating segments based on revenue and gross profit margin. Sales and other transactions between segments are based on terms and conditions mutually agreed between the relevant parties. The measurement of segment revenue and results reported to the chief operating decision maker are in a manner consistent with that in the income statement. The amounts provided to the chief operating decision maker 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.

| Items | Polysilicon | Occurred in the current period | | | Inter-segment elimination | Total |
|---|-------------------|--|---|----------------|---------------------------|-------------------|
| | | Construction of wind power and PV power plants | Operation of wind power and PV power plants | Others | | |
| Revenue from main businesses | 10,369,755,759.40 | 3,036,653,079.70 | 1,213,373,609.51 | 855,299,896.83 | -941,700,046.94 | 14,533,382,298.50 |
| Including: Revenue from external transactions | 10,360,864,945.36 | 2,458,562,262.72 | 1,213,373,609.51 | 500,581,480.91 | 0.00 | 14,533,382,298.50 |
| Revenue from inter-segment transactions | 8,890,814.04 | 578,090,816.98 | 0.00 | 354,718,415.92 | -941,700,046.94 | 0.00 |
| Gross profit | 6,833,719,946.36 | 601,616,585.19 | 795,608,084.21 | 73,214,593.92 | | 8,304,159,209.68 |

| Items | Polysilicon | Occurred in the previous period | | | Inter-segment elimination | Total |
|---|------------------|--|---|----------------|---------------------------|------------------|
| | | Construction of wind power and PV power plants | Operation of wind power and PV power plants | Others | | |
| Revenue from main businesses | 3,539,907,098.88 | 4,494,481,209.70 | 727,175,392.00 | 699,838,330.55 | -1,710,536,632.29 | 7,750,865,398.84 |
| Including: Revenue from external transactions | 3,532,049,281.93 | 2,998,769,022.86 | 727,175,392.00 | 492,871,702.05 | 0.00 | 7,750,865,398.84 |
| Revenue from inter-segment transactions | 7,857,816.95 | 1,495,712,186.84 | 0.00 | 206,966,628.50 | -1,710,536,632.29 | 0.00 |
| Gross profit | 1,562,760,115.18 | 321,708,032.66 | 518,955,969.00 | 64,485,493.23 | 0.00 | 2,467,909,610.07 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

XVI. OTHER SIGNIFICANT MATTERS (continued)

1. Segment Information (continued)

| 30 June 2022 | Polysilicon | Construction of wind power and PV power plants | Operation of wind power and PV power plants | Others | Inter-segment elimination | Total |
|---|-------------------|--|---|------------------|---------------------------|-------------------|
| Total assets | 40,451,410,169.27 | 20,877,039,408.48 | 21,478,141,462.81 | 4,473,484,988.75 | -19,614,780,667.52 | 67,665,295,361.79 |
| Long-term equity investments (investment income from associates and joint ventures) | 0.00 | 459,588,323.47 | 0.00 | 0.00 | 0.00 | 459,588,323.47 |
| Increase in non-current assets (other than long-term equity investments) | 4,631,888,969.95 | 48,605,620.82 | 228,836,653.84 | 12,621,048.71 | 949,677,775.25 | 5,871,630,068.58 |
| Total liabilities | 16,811,478,494.76 | 10,199,854,562.98 | 16,243,815,659.17 | 3,924,745,128.75 | -7,234,986,918.71 | 39,944,906,926.95 |

| 31 December 2021 | Polysilicon | Construction of wind power and PV power plants | Operation of wind power and PV power plants | Others | Inter-segment elimination | Total |
|---|-------------------|--|---|------------------|---------------------------|-------------------|
| Total assets | 31,208,606,465.46 | 20,439,747,056.74 | 19,902,869,388.38 | 4,738,358,823.57 | -18,090,708,588.75 | 58,198,873,145.40 |
| Long-term equity investments (investment income from associates and joint ventures) | 0.00 | 437,492,843.11 | 0.00 | 0.00 | 0.00 | 437,492,843.11 |
| 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 |
| Total liabilities | 11,854,906,372.74 | 11,526,474,170.22 | 14,319,563,948.05 | 2,860,744,669.10 | -5,751,455,615.60 | 34,810,233,544.51 |

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From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 Provision for bad debts | | Carrying amount |
|---|-----------------------|----------------|--|----------------|-----------------------|
| | Amount | Percentage (%) | Amount | Percentage (%) | |
| Bad debt provision made on individual basis | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Bad debt provision made on a collective basis | 722,855,727.65 | 100.00 | 38,827,601.81 | 5.37 | 684,028,125.84 |
| Including: Portfolio of aging | 722,855,727.65 | 100.00 | 38,827,601.81 | 5.37 | 684,028,125.84 |
| Portfolio of tariff and subsidies | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 722,855,727.65 | 100.00 | 38,827,601.81 | — | 684,028,125.84 |

| Category | Book balance | | Opening balance Provision for bad debts | | Carrying amount |
|---|-----------------------|----------------|--|----------------|-----------------------|
| | Amount | Percentage (%) | Amount | Percentage (%) | |
| Bad debt provision made on individual basis | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Bad debt provision made on a collective basis | 490,506,212.84 | 100.00 | 18,595,406.51 | 3.79 | 471,910,806.33 |
| Including: Portfolio of aging | 490,506,212.84 | 100.00 | 18,595,406.51 | 3.79 | 471,910,806.33 |
| Portfolio of tariff and subsidies | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 490,506,212.84 | 100.00 | 18,595,406.51 | — | 471,910,806.33 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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) *Accounts receivable for which bad debt provision are made on individual basis at the end of the current period: Nil.*
- 2) *Bad debt provision made on accounts receivable on a collective basis*

| Aging | Closing balance | | Provision percentage (%) |
|--------------------------------|-----------------------|----------------------|--------------------------|
| | Accounts receivable | Bad debt provision | |
| Within 1 year (inclusive) | 525,510,749.19 | 10,510,214.98 | 2.00 |
| 1 year to 2 years (inclusive) | 78,682,381.08 | 3,934,119.06 | 5.00 |
| 2 years to 3 years (inclusive) | 113,155,114.48 | 22,631,022.90 | 20.00 |
| 3 years to 4 years (inclusive) | 5,007,482.90 | 1,502,244.87 | 30.00 |
| 4 years to 5 years (inclusive) | 500,000.00 | 250,000.00 | 50.00 |
| Over 5 years | 0.00 | 0.00 | 100.00 |
| Total | 722,855,727.65 | 38,827,601.81 | — |

| Aging | Opening balance | | Provision percentage (%) |
|--------------------------------|-----------------------|----------------------|--------------------------|
| | Accounts receivable | Bad debt provision | |
| Within 1 year (inclusive) | 329,547,066.87 | 6,590,941.34 | 2.00 |
| 1 year to 2 years (inclusive) | 135,518,869.87 | 6,775,943.49 | 5.00 |
| 2 years to 3 years (inclusive) | 24,035,611.49 | 4,807,122.30 | 20.00 |
| 3 years to 4 years (inclusive) | 1,404,664.61 | 421,399.38 | 30.00 |
| 4 years to 5 years (inclusive) | 0.00 | 0.00 | 50.00 |
| Over 5 years | 0.00 | 0.00 | 100.00 |
| Total | 490,506,212.84 | 18,595,406.51 | — |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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) | 525,510,749.19 | 329,547,066.87 |
| 1 year to 2 years (inclusive) | 78,682,381.08 | 135,518,869.87 |
| 2 years to 3 years (inclusive) | 113,155,114.48 | 24,035,611.49 |
| 3 years to 4 years (inclusive) | 5,007,482.90 | 1,404,664.61 |
| 4 years to 5 years (inclusive) | 500,000.00 | 0.00 |
| Over 5 years | 0.00 | 0.00 |
| Total | 722,855,727.65 | 490,506,212.84 |

(3) Bad debt provision for accounts receivable in the current period

| Category | Opening balance | Changes of the current period | | | Closing balance |
|--|-----------------|-------------------------------|-----------------------|------------------------------|-----------------|
| | | Accrued | Recovered or reversed | Carry-forward or written off | |
| Bad debt provision made on accounts receivable | 18,595,406.51 | 20,232,195.30 | 0.00 | 0.00 | 38,827,601.81 |
| Total | 18,595,406.51 | 20,232,195.30 | 0.00 | 0.00 | 38,827,601.81 |

(4) Accounts receivable written off in the current period: Nil.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 | 269,524,736.89 | 430,988,436.89 |
| Other receivables | 573,269,724.49 | 663,849,694.54 |
| Total | 842,794,461.38 | 1,094,838,131.43 |

2.1 Dividends receivable

(1) Dividends receivable by category

| Items | Closing balance | Opening balance |
|---|-----------------|-----------------|
| TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) | 269,524,736.89 | 430,988,436.89 |

(2) Significant dividends receivable with aging of over 1 year

Nil.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 period | Book balance at the beginning of the period |
|--|---------------------------------------|---|
| Advances | 5,885,512.44 | 7,947,157.76 |
| Deposits | 72,000.00 | 50,000.00 |
| Principals and interests of borrowings | 0.00 | 538,035.44 |
| Related-party transactions | 591,808,036.79 | 669,479,553.01 |
| Daily cash advances | 1,028,963.72 | 2,499,611.71 |
| Others | 0.00 | 116,139.39 |
| Export tax rebates | 0.00 | 0.00 |
| Total | 598,794,512.95 | 680,630,497.31 |

(2) Bad debt provision for other receivables

| Bad debt provision | Stage 1 | Stage 2 | Stage 3 | Total |
|--|-------------------------------|---|--|----------------------|
| | 12-month expected credit loss | Lifetime expected credit loss (without credit impairment) | Lifetime expected credit loss (with credit impairment) | |
| Opening balance | 0.00 | 16,780,802.77 | 0.00 | 16,780,802.77 |
| Book balance of other receivables at the beginning of the period | 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 period | 0.00 | 8,743,985.69 | 0.00 | 8,743,985.69 |
| Reversed in current period | 0.00 | 0.00 | 0.00 | 0.00 |
| Carry-forward in current period | 0.00 | 0.00 | 0.00 | 0.00 |
| Written off in current period | 0.00 | 0.00 | 0.00 | 0.00 |
| Other changes | 0.00 | 0.00 | 0.00 | 0.00 |
| Closing balance | 0.00 | 25,524,788.46 | 0.00 | 25,524,788.46 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

XVII. NOTES TO KEY ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other receivables (continued)

2.2 Other receivables (continued)

(3) Other receivables by aging

| Aging | Closing balance | Opening balance |
|--------------------------------|-----------------------|-----------------|
| Within 1 year (inclusive) | 147,164,573.05 | 575,024,069.74 |
| 1 year to 2 years (inclusive) | 451,629,939.90 | 105,606,427.57 |
| 2 years to 3 years (inclusive) | 0.00 | 0.00 |
| 3 years to 4 years (inclusive) | 0.00 | 0.00 |
| 4 years to 5 years (inclusive) | 0.00 | 0.00 |
| Over 5 years | 0.00 | 0.00 |
| Total | 598,794,512.95 | 680,630,497.31 |

(4) Bad debt provision for other receivables

| Category | Opening balance | Changes of the current period | | | Closing balance |
|--|-----------------|-------------------------------|-----------------------|------------------------------|-----------------|
| | | Accrued | Recovered or reversed | Carry-forward or written off | |
| Bad debt provision made on other receivables | 16,780,802.77 | 8,743,985.69 | 0.00 | 0.00 | 25,524,788.46 |
| Total | 16,780,802.77 | 8,743,985.69 | 0.00 | 0.00 | 25,524,788.46 |

(5) Other receivables written off in the current period: Nil.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

XVII. NOTES TO KEY ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

3. Long-term equity investments

(1) Long-term equity investments by category

| Items | Book balance | Closing balance Provision for impairment | Carrying amount |
|-----------------------------|--------------------------|--|--------------------------|
| Investments in subsidiaries | 12,594,607,037.95 | 0.00 | 12,594,607,037.95 |
| Investments in associates | 0.00 | 0.00 | 0.00 |
| Total | 12,594,607,037.95 | 0.00 | 12,594,607,037.95 |

| Items | Book balance | Opening balance Provision for impairment | Carrying amount |
|-----------------------------|-------------------------|--|-------------------------|
| Investments in subsidiaries | 9,189,474,219.63 | 0.00 | 9,189,474,219.63 |
| Investments in associates | 0.00 | 0.00 | 0.00 |
| Total | 9,189,474,219.63 | 0.00 | 9,189,474,219.63 |

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

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 period | Decrease in current period | Closing balance | Provision for impairment accrued in current period | Balance of provision for impairment at the end of the period |
|---|-------------------------|----------------------------|----------------------------|--------------------------|--|--|
| TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司) | 4,237,208,018.67 | 853,281,853.15 | 0.00 | 5,090,489,871.82 | 0.00 | 0.00 |
| Inner Mongolia Xinte Silicon Materials Co., Ltd. (內蒙古新特硅材料有限公司) | 2,870,000,000.00 | 735,135.10 | 0.00 | 2,870,735,135.10 | 0.00 | 0.00 |
| Xinte Silicon-based New Material Co., Ltd. (新特硅基新材料有限公司) | 0.00 | 2,550,000,000.00 | 0.00 | 2,550,000,000.00 | 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 | 65,637.06 | 0.00 | 1,605,925,477.70 | 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 | 581,544.38 | 0.00 | 20,581,544.38 | 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 | 49,884.17 | 0.00 | 45,049,884.17 | 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 | 267,799.22 | 0.00 | 53,544,814.54 | 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 | 45,945.94 | 0.00 | 5,045,945.94 | 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 | 65,637.06 | 0.00 | 5,065,637.06 | 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 | 39,382.24 | 0.00 | 37,239,382.24 | 0.00 | 0.00 |
| Urumqi Strategic Emerging Industry Xinte Energy Leading Fund (LLP) (烏魯木齊戰略性新興產業新特能源引導基金(有限合夥)) | 300,000,000.00 | 0.00 | 0.00 | 300,000,000.00 | 0.00 | 0.00 |
| Total | 9,189,474,219.63 | 3,405,132,818.32 | 0.00 | 12,594,607,037.95 | 0.00 | 0.00 |

Note: Reasons for change in 2022:

- ① In February 2022, the Company established Xinte Silicon-based New Material Co., Ltd. (新特硅基新材料有限公司) with the registered capital of RMB3,000,000,000 as of 30 June 2022.
- ② Please refer to note VIII.2.(1) for reasons of changes of Sunoasis.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

XVII. NOTES TO KEY ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

4. Operating revenue and operating cost

(1) Operating revenue and operating cost

| Items | Amount occurred in current period | |
|------------------|-----------------------------------|-------------------------|
| | Revenue | Cost |
| Main businesses | 5,134,160,577.68 | 2,600,900,223.45 |
| Other businesses | 791,222,421.18 | 757,521,502.49 |
| Total | 5,925,382,998.86 | 3,358,421,725.94 |

(2) By business segment

| Items | Amount occurred in current period | |
|--------------|-----------------------------------|---------------------------|
| | Revenue from main businesses | Cost from main businesses |
| Polysilicon | 4,690,313,937.52 | 2,155,889,745.40 |
| Others | 443,846,640.16 | 445,010,478.05 |
| Total | 5,134,160,577.68 | 2,600,900,223.45 |

5. Investment income

| Items | Amount occurred in current period | Amount occurred in previous period |
|--|-----------------------------------|------------------------------------|
| Income from long-term equity investments under the cost method | 354,715,517.24 | 336,548,096.89 |

6. Others

Nil.

XVIII. APPROVAL OF THE FINANCIAL REPORT

This financial report has been approved for issue by the Board of the Company on 26 August 2022.

Notes to the Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

XIX. SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS

1. Breakdown of non-recurring profit or loss in the current period

| Items | Amount in current period | Explanation |
|--|--------------------------|-------------|
| Gains and losses from disposal of non-current assets | 1,789,467.53 | — |
| 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) | 39,512,649.51 | — |
| Funds utilization fees collected from non-financial enterprises included in the profit or loss for the period | 691,432.45 | — |
| Gains from the excess of the fair value of identifiable net assets of the investee attributable to the enterprise at acquisition over the investment costs for the subsidiaries, associates and joint ventures | 0.00 | — |
| Gains and losses from the exchange of non-monetary assets | 0.00 | — |
| Gains and losses from investments on trust or asset management | 0.00 | — |
| Provision for impairment of assets as a result of force majeure factors, such as natural disasters | 0.00 | — |
| Gains and losses from debt restructuring | 0.00 | — |
| Costs for enterprise reorganization | 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 Financial Statements

From 1 January 2022 to 30 June 2022
(The notes to the financial statements are presented in RMB, except as otherwise noted)

XIX. SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS (continued)

1. Breakdown of non-recurring profit or loss in the current period (continued)

| Items | Amount in current period | Explanation |
|---|--------------------------|-------------|
| Investment income derived from the holding of financial assets held for trading, gains and losses arising from changes in fair value of financial liabilities held for trading and disposal of financial assets held for trading, financial liabilities held for trading, and available-for-sale financial assets (excluding the effective hedging activities related to the normal operation of the Company) | -2,834,289.31 | — |
| Reversal of impairment provision of receivables 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 | -13,672,062.19 | — |
| Other items of profit or loss meeting the definition of non-recurring profit or loss | 3,914,618.56 | — |
| Sub-total | 29,401,816.55 | — |
| Effect of income tax | 4,557,623.71 | — |
| Effect of non-controlling interest (after tax) | 2,000,529.55 | — |
| Total | 22,843,663.29 | — |

- (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 Financial Statements

From 1 January 2022 to 30 June 2022

(The notes to the financial statements are presented in RMB, except as otherwise noted)

XIX. SUPPLEMENTARY INFORMATION TO FINANCIAL STATEMENTS (continued)

2. Return on net assets and earnings per share

| Profit during the Reporting Period | Earnings per share (RMB/share) | |
|--|--|----------------------------|
| | Return on net assets on weighted average basis (%) | Diluted earnings per share |
| Net profit attributable to the ordinary shareholders of the parent company | 24.5981 | 3.9282 |
| Net profit attributable to ordinary shareholders of the parent company after deduction of non-recurring profit or loss | 24.4981 | 3.9122 |

3. Differences in accounting data under 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 overseas accounting standards and under the PRC GAAP

Nil.

4. Others

Nil.

Xinte Energy Co., Ltd.

26 August 2022

* for identification purpose only