新特能源股份有限公司
Xinte Energy Co., Ltd.

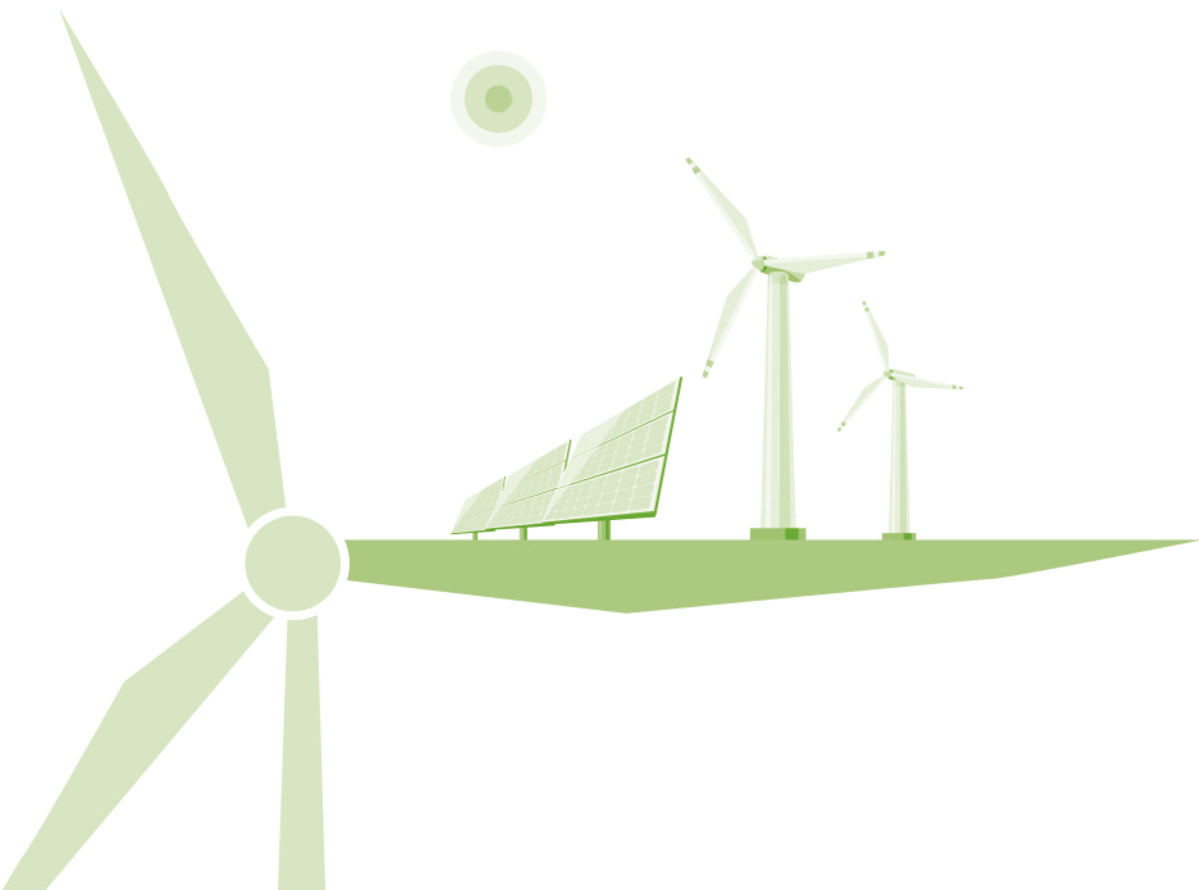
(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock code : 1799

2017

Interim Report

Contents



Corporate Profile

DIRECTORS

Executive Directors

Mr. Zhang Jianxin *(Chairman)*
Mr. Ma Xuping
Mr. Yin Bo

Non-executive Directors

Mr. Zhang Xin
Ms. Guo Junxiang
Mr. Wang Jian(1)
Mr. Tao Tao(2)

Independent Non-executive Directors

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

SUPERVISORS

Mr. Chen Qijun *(Chairman)*
Ms. Wu Wei
Mr. Hu Shujun
Mr. Zhang Yueqiang
Mr. Cao Huan

AUDIT COMMITTEE

Mr. Wong, Yui Keung Marcellus *(Chairman)*
Mr. Yang Deren
Mr. Qin Haiyan
Ms. Guo Junxiang
Mr. Wang Jian(1)
Mr. Tao Tao(2)

NOMINATION COMMITTEE

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

REMUNERATION AND APPRAISAL COMMITTEE

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

STRATEGIC COMMITTEE

Mr. Zhang Jianxin *(Chairman)*
Mr. Yang Deren
Mr. Qin Haiyan
Mr. Ma Xuping
Mr. Zhang Xin

JOINT COMPANY SECRETARIES

Ms. Zhang Juan
Ms. Ng Wing Shan

AUTHORIZED REPRESENTATIVES

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

(1) On 8 March 2017, Mr. Wang Jian resigned his position as non-executive Director of the Company and member of the Audit Committee, effective from 8 March 2017.

(2) On 16 June 2017, Mr. Tao Tao was appointed as non-executive Director and member of the Audit Committee.

Corporate Profile

AUDITOR

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

LEGAL ADVISERS

As to PRC law
Xinjiang Tianyang Law Firm
24th Floor
Block A, Century Prosperous Hotel
36 South Xinhua Road, Tianshan District,
Urumqi, Xinjiang, PRC

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

REGISTERED OFFICE

No. 2499, Mianguangdong Street,
Ganquanpu Economic and Technological
Development Zone (Industrial Park),
High-tech Industrial Development Zone
(New Downtown), Urumqi, Xinjiang, PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 2499, Mianguangdong Street,
Ganquanpu Economic and Technological
Development Zone (Industrial Park),
High-tech Industrial Development Zone
(New Downtown), Urumqi, Xinjiang, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre, 28 Queen's Road East,
Wanchai, Hong Kong

H SHARES REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queens Road East
Wan Chai, Hong Kong

STOCK CODE

1799

COMPANY WEBSITE

http://www.xtnysolar.com

INVESTOR COMMUNICATIONS

TEL: 86 991-3665888
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Definitions

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

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

Definitions

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

Definitions

"kW"	kilowatt, a unit of power, 1kW = 1,000 watts
"kWh"	kilowatt hour, the unit of measurement for calculating the quantity of power production output. 1kWh is the work completed by a kilowatt generator running continuously for one hour at the rated output capacity
"Latest Practicable Date"	13 September 2017, being the latest practicable date prior to the printing of this interim report for ascertaining certain information contained herein
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"MW"	megawatt, a unit of power, 1MW = 1,000kW. The capacity of a power project is generally expressed in MW
"NDRC"	National Development and Reform Commission of the PRC
"NEA"	National Energy Administration of the PRC
"Nomination Committee"	Nomination Committee of the Board
"OFAC"	the United States Treasury Department's Office of Foreign Assets Control
"on-grid tariff"	the selling price of electricity for which a power generating project could sell the electricity it generated to the power grid companies, usually denominated in RMB/kWh
"pipeline projects"	power generation projects that are reserved for future development after the Group has entered into development agreements with the respective local governments of the PRC
"PV"	photovoltaic

Definitions

"Province"	a province or, as the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"R&D"	research and development
"Remuneration and Appraisal Committee"	Remuneration and Appraisal Committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Reporting Period"	for the six months ended 30 June 2017
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary" or "subsidiaries"	has the meaning as ascribed to it under Hong Kong Listing Rules
"Supervisor(s)"	any one (or all) of the supervisor(s) of the Company
"Supervisory Board"	the Supervisory Board of our Company
"TBEA"	TBEA Co., Ltd. (特變電工股份有限公司), who directly and indirectly held 60.25% equity interest in our Company as of the Latest Practicable Date. TBEA is our Controlling Shareholder
"Xinjiang New Energy"	TBEA Xinjiang New Energy Co., Ltd. (特變電工新疆新能源股份有限公司)
"Xinjiang Tebian"	Xinjiang Tebian (Group) Co., Ltd. (新疆特變電工集團有限公司) held 5.53% equity interest in our Company as of the Latest Practicable Date. Xinjiang Tebian is a Connected Person of our Company as it is a controlled company with more than 30% of its equity interest being held, directly or indirectly, by Mr. Zhang Xin who is a Connected Person of our Company by virtue of his position as our Director

Management Discussion and Analysis

I. REVIEW OF INDUSTRY DEVELOPMENT TRENDS

2017 is a significant year in the full implementation of China's "13th Five-Year" plan (「十三五」規劃) for energy. It is the year for the deepening of supply side structural reform. In the first half of 2017, China's renewable energy industry continued to maintain a strong growth momentum, as the country installed 24.40GW of new PV capacity and 6.01GW of wind power capacity. In its strong efforts to advance the clean development and usage of energy and to achieve the mid and long-term energy consumption targets of 15% and 20% in the non-fossil fuel share of primary energy consumption by 2020 and 2030 respectively, the PRC government has rolled out supporting policies in areas such as improving trading mechanisms, raising resource utilization rates, and promoting grid parity in the first half of 2017.

1. Review of major policies

(1) Improving the trading mechanisms of wind and PV power generation

On 8 January 2017, the NDRC the Ministry of Finance of the PRC and the NEA issued the Notice on the Pilot Scheme for Certification and Subscription and Trading System of Renewable Green Power Certificates (《關於試行可再生能源綠色電力證書核發及自願認購交易制度的通知》) ("**Renewable Power Notice**"), intending to nationally implement a pilot renewable green power certificate scheme and build a voluntary subscription system. Subscription of green power certificates formally commenced on 1 July 2017, with subscription prices to be determined either by independent negotiations between the buying and selling parties or through bidding, on the basis that the subscription price be no higher than the amount of subsidy provided by the national renewable energy electricity tariff fund for the corresponding quantity of power. Upon the sale of renewable green power certificates by wind and PV power generation enterprises, the corresponding quantity of power will no longer enjoy subsidy from the national renewable energy electricity tariff fund.

The introduction of the policy set out in this Renewable Power Notice will be beneficial in encouraging marketisation in the development of renewable energy, as well as stimulating growth in renewable power demand, spurring investment and promoting consumption of renewable power, promoting the sustained healthy development of the renewable energy industry.

(2) Raising the usage efficiency of dispersed wind power

On 27 May 2017, the NEA issued the Notice on Relevant Requirements in the Accelerated Push for Construction of Dispersed Wind Power Projects with Grid Access (《關於加快推進分散式接入風電項目建設有關要求的通知》), aiming to promote local utilisation and consumption of dispersed wind power projects in order to raise the utilisation efficiency of dispersed wind resources, optimise the usage of dispersed wind power resources in the mid-eastern and southern regions, raise wind power utilisation efficiency as appropriate with local conditions, and promote the integrated development of wind power and other forms of dispersed energy generation.

(3) Promoting grid parity for new energies

On 16 May 2017, the General Secretary of the NEA published the Letter of Thoughts on the Notice on the Relevant Requirements for the Construction of PV Generation Advanced Technology Application Bases for 2017 (《關於2017年建設光伏發電先進技術應用基地有關要求的通知 意見的函》). The letter pointed out that the construction of a total of 8–10GW capacity for PV generation advanced technology application bases for 2017 would accelerate the development of industrialisation of frontier PV generation technology, raising the PV fore-runner (領跑者) technology index, stimulating technological advancement and industrial upgrade, reducing PV generation costs and prices, thus further promoting the pace of grid parity for PV.

On 17 May 2017, the General Secretary of the NEA issued the Notice on Showcase Work for Developing Grid Parity for Wind Power (《關於開展風電平價上網示範工作的通知》). The notice asked all provinces (including regions and municipalities) to analyse and consolidate local wind power development experiences, integrate local wind power resource conditions and application conditions of new technologies in the wind power industry, and organise the various wind power generation enterprises to tender showcase projects for grid parity, actively promote grid parity for wind power, lead and stimulate the sustained healthy development of the renewable energy industry, in order to ensure the successful implementation of the "13th Five-Year Plan" for energy.

2. Review of polysilicon industrial development trends

According to statistical data from the China Nonferrous Metals Industry Association Silicon Industry Branch (中國有色金屬工業協會硅業分會), in the first half of 2017, global polysilicon production was 212,000 tons, representing a growth of 14.1% over the same period last year, while consumption was 211,000 tons, representing a growth of 8.2% over the same period last year, indicating that global polysilicon supply and demand is generally balanced. In the first half of 2017, polysilicon production in China was 118,000 tons, with net import of 68,000 tons for a total supply of 186,000 tons, while polysilicon consumption was 185,500 tons, indicating that polysilicon supply and demand in China is also generally balanced.

In the first half of 2017, the average price of polysilicon in China was RMB126,600/ton, representing a decrease of 1.6% over the same period last year. The price of polysilicon fluctuated, and the price changes again exhibited an "N" trend similar to that for the whole of 2016, with the highest and lowest price points being RMB142,700/ton at the end of February 2017 and RMB108,500/ton at mid-April 2017 respectively, and the steepest drop being at 24.0%. Since the end of April 2017, end demand has been stimulated by the impact of policy adjustment on the benchmark price for PV grid access, and polysilicon prices has steadily risen to RMB121,000/ton at the end of June 2017, with a rise of 11.52%.

3. Review of PV generation industry development trends

According to statistical data from the NEA, in the first half of 2017, the market size of China's PV power generation market has expanded rapidly, with newly installed PV power generation capacity of 24.40GW, representing a growth of 9% over the same period last year. Among the newly installed PV power generation capacity, ground-based PV installations amounted to 17.29GW, representing a decline of 16% over the same period last year; distributed PV installations was 7.11GW, representing a growth of 2.9 times that as compared to the same period last year. This brings China's total installed PV capacity to 102GW. In the first half of 2017, China's PV generated power was 51.8 billion kWh, representing a growth of 75% over the same period last year, with 3.7 billion kWh of PV curtailment, representing a fall of 4.5% over the same period last year, of which Xinjiang and Gansu showed the biggest improvements of 26% and 22% respectively, reducing PV curtailment rate by 6% and 10% over the same period last year respectively.

4. Review of wind power generation industry development trends

According to the NEA's statistical data, wind power in China continued to maintain a steady growth momentum for the first half of 2017. Wind power capacity increased by 6.01GW. At the end of June 2017, total on-grid capacity has reached 154GW, representing a growth of 12% over the same period last year. In the first half of 2017, China's wind power generated power was 149 billion kWh, representing a growth of 21% over the same period last year; average utilisation hours was 984 hours, representing a growth of 67 hours over the same period last year; wind power curtailment was 23.5 billion kWh, representing a fall of 7% over the same period last year, indicating a clear improvement in wind power curtailment and limitation of power generation development, of which the wind power curtailment rate in Xinjiang, Gansu, Liaoning, Jilin, and Ningxia all dropped by more than 10% over the same period last year.

II. MAIN BUSINESS OPERATIONS OF THE GROUP

Demand for polysilicon was vigorous during the first half of 2017 and the installed capacity of PV and wind power continued to grow. Through its mastery of industry conditions, grasping of market opportunities, and deepening of reforms and innovation, the Group has achieved good results. During the Reporting Period, the Group realized a revenue of RMB5,165.27 million, with profit attributable to owners being RMB750.98 million, representing a growth of 7.09% and 58.67% respectively over the same period last year.

1. Polysilicon production and sales

During the first half of 2017, through technological R&D and thorough organization, the Group successfully completed a technological transformation project for polysilicon production of 30,000 tons/year, which has fully realized its expected output. The Group realized polysilicon output of 15,800 tons, representing a growth of 24.12% over the same period last year. At the same time, the Group has achieved higher efficiency by reducing production costs of polysilicon through strengthening cost control. For the first half of 2017, gross profits from polysilicon production was RMB832.26 million, representing a growth of 55.10% over the same period last year.

2. Development and reserve of domestic PV and wind power resources

In the first half of 2017, against the backdrop of changes led by national policy and diversification of business forms in the market, the Group assessed the situation and made adjustments to its resource development strategy, promoting PV and wind power simultaneously and taking wind power as the leading factor, taking the direction of market development beyond Xinjiang and towards the entire country. At the same time, we have managed to wrestle for project resources in regions without PV and wind power curtailment, such as Jiangxi and Yunnan, reserving strength for future development. Additionally, based on market changes and conditions of public policy, we have studied in-depth the business models of distributed PV and dispersed wind power, as well as strengthening development in solar-fishery and solar-agriculture PV plants.

During the Reporting Period, the Group has successfully connected to the grid a total of 20 projects, including a 20MW solar-fishery PV project in Fangjiahu of Huaining county, a 20MW solar-fishery PV project in Phase I of the Donggang Modern Fishery Farm, and a 100MW solar-agriculture PV project in Zhongning County. The successful connection to the grid of these projects not only provides reference cases and experience for the Group's future solar-fishery PV and solar-agriculture PV projects, but also has an active role in stimulating the local fishing industry, tourism and sightseeing, and energy saving and emissions reduction, thus doubly benefitting economic and social efficiency.

In May 2017, the China General Certification Center (北京鑒衡認證中心) awarded the Group China's first EPC AAA rating certificate based on an integrated evaluation of specifications, implementations and points. This award further cements the Group's status as the world's first PV EPC supplier.

During the first half of 2017, the Group has completed and confirmed 636.17MW of installations of EPC and BT projects of PV and wind power plants. As at 30 June 2017, the Group has a total of 619.5MW of BT projects constructed and under construction and pending for transfer, and over 2GW of total installed capacity of advanced pipeline projects, securing a solid foundation for the development of the Group.

3. Construction of BOO projects

The Group is accelerating the construction of BOO projects in its bid to strategically transform from a wind and PV power plant builder into an operator in order to diversify the Group's revenue channels, further increasing profitability. By the end of the first half of 2017, the Group had a total of 520MW BOO projects completed, and 200MW of BOO projects under construction.

In the first half of 2017, BOO projects of the Group generated a cumulative electricity output of 285 million kWh, with 282 million kWh of on-grid electricity generation, realising power generation revenue of RMB158.38 million.

4. International market

With the development of the international market, the Group is gradually strategizing to advance its coverage of global major PV and wind power markets.

Leveraging on unique political, economic, and technological characteristics of different countries, and closely following China's "One Belt, One Road" (「一帶一路」) policy to draw China's foreign policy and financing support, the Group is furthering its development in markets such as Pakistan, Bangladesh, Egypt, Chile, and India, grasping opportunities to drive the implementation of current projects while also actively developing new projects at the same time.

5. Power electronics business

The Group is focused on its position in new energy manufacturing, accelerating the upgrade of high-end manufacturing, expanding its development in areas of power electronics such as PV inverters, flexible direct current ("**DC**"), static VAR generators ("**SVG**"), and electric power routers, and has utilised eCloud intelligence operating platforms developed by technological structures such as Industrial Internet of Things and cloud computing in realising centralised operations of PV plants and full chain management of PV operations, advancing the transformative upgrade from a traditional manufacturer to a high end manufacturer.

In June 2017, the Group and China Southern Power Grid Limited (中國南方電網有限責任公司) jointly and successfully researched and developed the world's first Ultra High Voltage ("**UHV**") flexible DC converter valve, which passed technical verifications in July 2017. The successful development of the UHV flexible DC converter valve allows the power transmission capacity to be raised from the current cap of 1 million kW to 5 million kW, beginning a new era in DC transmission, solving the current bottlenecking issue of the inability of new energies in long distance, large scale transmission and having to piggyback on thermally generated power for transmission or rely on local consumption, and will be effective in promoting the large scale consumption of electricity generated by new energies.

In July 2017, the Group independently researched and developed an integrated equipment for direct high voltage PV grid connection based on electric power routers, which has passed product technical verification by the Chinese Society for Electrical Engineering. Through integrating electrical energy routing technology with PV generation grid connection technology, the Group has innovatively filled in the gap in the relevant area of energy technology. The successful R&D of the product will stimulate the development of flexible DC transmission and the new energy industry, providing a solid technological safeguard for the development of an intelligent power grid for China, and perhaps even for the global energy internet.

6. Promoting continued deepening of production safety

The Group is deepening the implementation of safety management starting at the production stage, fully implementing preventive management of equipment, sustaining the strengthening of production safety supervision, striving to raise the management and control capacity of production safety, and sustaining the deepening of production safety. We have established a systematic safety management flow and standard, realizing precision management. In the area of construction operations, the Group is comprehensively strengthening safety management and risk control of construction projects, perfecting a standardized management system for work safety, striving to raise the general safety management capacity, in order to achieve zero blind spots in safety management.

III. OPERATING RESULTS AND ANALYSIS

Financial Review:

Business Performance Table

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Revenue	**5,165,270**	4,823,225
Cost of sales	**(3,730,583)**	(3,795,660)
Gross profit	**1,434,687**	1,027,565
Other income	**22,596**	29,389
Other (losses)/gains – net	**(10,065)**	9,708
Selling and marketing expenses	**(148,336)**	(146,045)
General and administrative expenses	**(287,603)**	(259,653)
Finance expenses – net	**(133,286)**	(96,430)
Share of profit of investments accounted for using the equity method	**3,671**	146
Profit before income tax	**881,664**	564,680
Income tax expenses	**(126,787)**	(90,307)
Profit attributable to the owners of the Company	**750,983**	473,286
Profit attributable to the non-controlling interests	**3,894**	1,087

Revenue

The Group generates revenue mainly from three business segments, including polysilicon production, ECC, and BOO. For the six months ended 30 June 2017, the revenue of the Group was RMB5,165.27 million, representing an increase of RMB342.05 million or 7.09% over RMB4,823.23 million in the corresponding period of last year, which was mainly due to an increase in the sale of polysilicon and increase in the generated power of BOO projects.

	For the six months ended 30 June	
	2017	2016
Business Segments	**RMB'000**	RMB'000
Polysilicon Production	**1,813,738**	1,481,932
ECC	**2,729,303**	2,791,757
PV Wafer and Module Manufacturing	**24,054**	129,159
BOO	**158,383**	11,171
Others	**439,792**	409,206
Total Revenue	**5,165,270**	4,823,225

For the six months ended 30 June 2017, the revenue of the polysilicon production segment was RMB1,813.74 million, representing an increase of RMB331.81 million or 22.39% over RMB1,481.93 million in the corresponding period of last year, which was mainly due to the completion of the polysilicon technological transformation project during the Reporting Period raising production capacity and sales.

For the six months ended 30 June 2017, the revenue of ECC segment was RMB2,729.30 million, representing a decrease of RMB62.45 million or 2.24% over RMB2,791.76 million in the corresponding period of last year.

For the six months ended 30 June 2017, the revenue of PV wafer and module manufacturing segment was RMB24.05 million, representing a decrease of RMB105.11 million or 81.38% over RMB129.16 million in the corresponding period of last year, which was mainly due to the Group reducing PV wafer production during the Reporting Period.

For the six months ended 30 June 2017, the revenue of BOO segment was RMB158.38 million, representing an increase of RMB147.21 million or 1,317.81% over RMB11.17 million in the corresponding period of last year, which was mainly due to an increase in the generated power of BOO projects during the Reporting Period.

Cost of sales

For the six months ended 30 June 2017, the cost of sales incurred by the Group was RMB3,730.58 million, representing a decrease of RMB65.08 million or 1.71% over RMB3,795.66 million in the corresponding period of last year, which was mainly due to the Group's strengthening of cost supervision during the Reporting Period.

	For the six months ended 30 June	
	2017	2016
Business Segments	**RMB'000**	RMB'000
Polysilicon production	**981,478**	945,331
ECC	**2,286,631**	2,413,051
PV wafer and module manufacturing	**65,420**	114,861
BOO	**51,438**	4,261
Others	**345,616**	318,156
Total Costs	**3,730,583**	3,795,660

For the six months ended 30 June 2017, the cost of sales incurred by polysilicon production segment was RMB981.48 million, representing an increase of RMB36.15 million or 3.82% over RMB945.33 million in the corresponding period of last year, the increase was mainly due to the completion of the polysilicon technological transformation and the reflection of the scale effect. At the same time, the Group strengthened its technology promotion and cost supervision, leading to the further decrease in the production cost.

For the six months ended 30 June 2017, the cost of sales incurred by ECC segment was RMB2,286.63 million, representing a decrease of RMB126.42 million or 5.24% over RMB2,413.05 million in the corresponding period of last year, mainly due to the Group's strengthening costs control of the ECC business during the Reporting Period.

For the six months ended 30 June 2017, the cost of sales incurred by PV wafer and module manufacturing segment was RMB65.42 million, representing a decrease of RMB49.44 million or 43.04% over RMB114.86 million in the corresponding period of last year, mainly due to the Group reducing PV wafer production.

For the six months ended 30 June 2017, the cost of sales incurred by BOO segment was RMB51.44 million, representing an increase of RMB47.18 million or 1,107.18% over RMB4.26 million in the corresponding period of last year, mainly due to an increase in the generated power of the Group's BOO projects during the Reporting Period increasing corresponding costs.

Gross profit and gross profit margin

For the six months ended 30 June 2017, the gross profit of the Group was RMB1,434.69 million, representing an increase of RMB407.12 million or 39.62% over RMB1,027.57 million in the corresponding period of last year. Comprehensive gross margin was 27.78%, representing an increase of 6.48 percentage points over the same period of last year. During the Reporting Period, the main reasons for the increase in the Group's gross profits were the completion of the polysilicon technological transformation project increasing production and sales, increase in the average sales prices of polysilicon, increase in the generated power of BOO projects, and the Group strengthening costs management at the same time.

Other income

For the six months ended 30 June 2017, the other income of the Group was RMB22.60 million, representing a decrease of RMB6.79 million or 23.11% over RMB29.39 million in the corresponding period of last year. The decrease was mainly because the reduction of government grants during the Reporting Period compared with that in the corresponding period of last year.

Other (losses)/gains — net

For the six months ended 30 June 2017, the net other losses of the Group amounted to RMB10.07 million, representing a decrease of RMB19.77 million from net gain of RMB9.71 million in the corresponding period of last year, which was mainly due to an increase in the Group's currency exchange losses during the Reporting Period.

Selling and marketing expenses

For the six months ended 30 June 2017, the selling and marketing expenses of the Group were RMB148.34 million, representing an increase of RMB2.29 million or 1.57% over RMB146.05 million in the corresponding period of last year, mainly due to the Group's intensification of market development efforts increasing selling and marketing expenses during the Reporting Period.

General and administrative expenses

For the six months ended 30 June 2017, the general and administrative expenses of the Group were RMB287.60 million, representing an increase of RMB27.95 million or 10.76% over RMB259.65 million in the corresponding period of last year, mainly due to the expansion of the business scale of the Group, and increased staff costs during the Reporting Period.

Finance expenses — net

For the six months ended 30 June 2017, the net finance expenses of the Group was RMB133.29 million, representing an increase of RMB36.86 million or 38.22% from RMB96.43 million in the corresponding period of last year, which was mainly due to the Group's expansion of borrowings size, and increased interest expenses during the Reporting Period.

Share of profit of investments accounted for using the equity method

For the six months ended 30 June 2017, the share of profit of investments accounted for using the equity method of the Group was RMB3.67 million, representing an increase of RMB3.53 million or 2,414.38% from RMB0.15 million in the corresponding period of last year, which was mainly due to the increase of the profit of its associates during the Reporting Period.

Income tax expense

For the six months ended 30 June 2017, the income tax expense of the Group was RMB126.79 million, representing an increase of RMB36.48 million or 40.40% over RMB90.31 million in the corresponding period of last year, which was mainly due to the increase in the Group's profit before income tax for the period over the same period of last year.

Profit attributable to the owners of the Company

For the six months ended 30 June 2017, profit attributable to the owners of the Company was RMB750.98 million, representing an increase of RMB277.70 million or 58.67% over RMB473.29 million in the corresponding period of last year.

Profit attributable to the non-controlling interests

For the six months ended 30 June 2017, profit attributable to the non-controlling interests of the Group was RMB3.89 million, representing an increase of RMB2.81 million or 258.23% over RMB1.09 million in the corresponding period of last year. The increase was mainly because the Group's subsidiary Xi'an TBEA Electric Power Design Co., Ltd. was profitable.

Cash Flows

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Net cash used in operating activities	**(177,606)**	(1,155,017)
Net cash used in investing activities	**(916,454)**	(1,492,229)
Net cash generated from financing activities	**2,168,544**	1,690,209
Net increase/(decrease) in cash and cash equivalents	**1,074,484**	(957,037)

Net cash used in operating activities

For the six months ended 30 June 2017, the net cash used in operating activities of the Group was RMB177.61 million, representing a decrease of RMB977.41 million or 84.62% from RMB1,155.02 million over the same period last year, which was mainly due to the strengthening of the Group's management of collections of receivables during the Reporting Period.

Net cash used in investing activities

For the six months ended 30 June 2017, the net cash used in investing activities of the Group was RMB916.45 million, representing a decrease of RMB575.78 million or 38.58% from RMB1,492.23 million over the same period of last year, which was mainly due to a decrease in construction expenditure of the Group's BOO projects during the Reporting Period.

Net cash generated from financing activities

For the six months ended 30 June 2017, the net cash generated from financing activities of the Group was RMB2,168.54 million, representing an increase of RMB478.34 million or 28.30% over RMB1,690.21 million over the same period of last year, which was mainly due to a decrease in the Group's repayment of borrowings over the same period last year.

Management Discussion and Analysis

Operation Fund

	30 June 2017	31 December 2016
Closing cash and cash equivalents *(RMB'000)*	**2,968,778**	1,897,947
Gearing ratio	**76.73%**	83.26%
Inventory turnover rate (times)	**0.84**	2.28
Inventory turnover days (days)	**214.36**	158.04

As of 30 June 2017, the cash and cash equivalents of the Group were RMB2,968.78 million (31 December 2016: RMB1,897.95 million).

The capital requirements of the Group's BT and BOO businesses generally take up 20%–30% of total project investment, with the rest being mostly bank borrowings, which has a larger impact on the Group's gearing ratio. As of 30 June 2017, the Group's gearing ratio was 76.73%. As of 31 December 2016, the Group's gearing ratio was 83.26%. Gearing ratio was calculated based on its net liabilities dividing total equity, of which net liabilities was calculated based on total interest-bearing liabilities less restricted bank balances and cash bank balances.

The Group's completed and under construction BT projects to be transferred were included in the calculation of inventory items, with the timely transfer of BT projects having a larger impact on the Group's inventory turnover rate and turnover days. As of 30 June 2017, the Group's inventory turnover rate and inventory turnover days was 0.84 times and 214.36 days respectively. As of 31 December 2016 the Group's inventory turnover rate and inventory turnover days was 2.28 times and 158.04 days respectively.

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

Capital expenditure

For the six months ended 30 June 2017, the major capital expenditure of the Group included: RMB683.45 million for the purchase of property, plant and equipment, and RMB4.73 million for the purchase of intangible assets and RMB5.95 million for the purchase of land use right.

Contingent liabilities

In June 2013, Jiangsu Zhongneng Silicon Technology Development Co., Ltd. (江蘇中能硅業科技發展有限公司) ("**Jiangsu Zhongneng**") filed a claim with the Jiangsu Province People's Court against the Company for certain patent infringement and commercial secrets, for a total compensation amounting to RMB62 million. In December 2014, after an appeal filed the Company, the Supreme People's Court of the PRC ruled to the case should be under the jurisdiction of the Xinjiang Province People's Court. Before the date of this report is approved for issue, the aforementioned litigation is in the process of transfer therefore no trial session has been conducted by Xinjiang Province People's Court yet. After considering the opinion of an independent legal counsel, the Directors are of the opinion that the contingent obligation cannot be measured with sufficient reliability. Accordingly, no provision is made with respect to the aforementioned claim as at 30 June 2017.

Apart from the above, the Group has contingent liabilities in respect of claims or other legal procedures arising in their ordinary course of business from time to time. As of 30 June 2017, the Directors did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the condensed consolidated interim financial information.

Assets mortgage

As of 30 June 2017, secured short-term bank borrowings of RMB84,195,000 were pledged with some of the Group's properties, plants, equipment and land use rights. As of 30 June 2017, secured short-term bank borrowings of RMB970,000,000 represented proceeds received under trade receivables factoring agreements with recourse with the banks. As of 30 June 2017, secured long-term bank borrowings of RMB6,945,870,000 were pledged with some of the Group's properties, plants, equipment, land use rights, inventories, and trade receivables collection right. As of 30 June 2017, secured short-term other borrowings of RMB157,458,000 were pledged with some of the Group's properties, plants, equipment and guarantee deposits amounting to RMB15,000,000. As of 30 June 2017, secured long-term other borrowing with amount of RMB143,000,000 and RMB36,000,000 were guaranteed by the Company and TBEA Xinjiang New Energy Co., Ltd., the Company's subsidiary, respectively. As of 30 June 2017, guaranteed long-term other borrowings of RMB199,500,000 were bank credit guarantees.

Major acquisition and disposal of assets

During the Reporting Period, the Group had no major acquisition and disposal of subsidiaries or associates.

Major investments

During the Reporting Period, the Group had no major investments other than investment on the construction of BOO projects.

Foreign exchange risks

Most of the Group's businesses are located in China and are traded in RMB. The Group's assets and liabilities involved in exchange risks and transactions from the operation are mainly related to US dollar and Hong Kong dollar. The Directors believe that the exposure to the foreign exchange risk is minimal, and said risk will not have material adverse risk on the financial performance of the Group. The Group currently does not have a foreign currency hedging policy, but the management of the Group closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when needed.

Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings. Most of the borrowings are obtained at variable rates and expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. It will have no material adverse impact on the financial position of the Group.

Capital liquidity

As of 30 June 2017, current assets of the Group amounted to RMB16,336.15 million, among which, RMB2,968.78 million was cash and cash equivalents; RMB3,509.76 million was trade and notes receivable primarily consisting of receivables from ECC and sales of inverters; RMB1,535.07 million was prepayments and other receivables and other current assets primarily consisted of deductible value-added tax and advances.

As of 30 June 2017, current liabilities of the Group amounted to RMB14,780.17 million, including RMB6,955.09 million of trade and notes payable (primarily consisting of payables for procurement of PV and wind power projects equipment, labour, materials procurement, coal fuels and spare parts of polysilicon), RMB3,037.13 million of provisions and other payables (primarily consisting of payables for project construction funds and engineering retention funds of PV and wind power projects), and RMB4,506.10 million of short-term borrowings.

As of 30 June 2017, net current assets of the Group amounted to RMB1,555.98 million, representing an increase of RMB449.03 million as compared with net current assets amounted to RMB1,106.95 million as of 31 December 2016. The current ratio was 110.53% on 30 June 2017, representing an increase of 1.88 percentage points as compared with the current ratio of 108.65% on 31 December 2016. Restricted deposits amounted to RMB1,177.54 million, mainly including deposits for bills and issuance of letter of credit.

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

Borrowing and notes payable

As of 30 June 2017, the Group's balance of the borrowings and notes payable amounted to RMB14,253.97 million, representing an increase of RMB984.22 million as compared with the balance of the borrowings and notes payable amounted to RMB13,269.75 million as of 31 December 2016. As of 30 June 2017, the Group's outstanding borrowings and notes included short-term borrowings and notes payable of RMB7,752.80 million (including long-term borrowings due within one year of RMB823.20 million and notes payable of RMB3,246.70 million) and long-term borrowings amounting to RMB6,501.17 million.

Credit risk

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

Events after the balance sheet date

As at the latest practicable date, the Group had no significant events after the balance sheet date.

IV. PROSPECTS

- **Market Prospects**

  2017 is a significant year for China's deepening of energy supply side structural reform and power system reform. The NEA has raised the need for the establishment and implementation of a new development concept of "Innovate, Coordinate, Greenify, Open, Sharing", taking the promotion of energy supply side structural reform as the main line to strive for the promotion of development and utilisation of clean energy, indicating that the prospects of the industry remain bright.

  In July 2017, the NEA issued the Guidance Views on Renewable Energy Development in the Implementation of the "13th Five-year Plan" (《關於可再生能源發展「十三五」規劃實施的指導意見》). The document issued in a single stroke guided scales for China's new PV and wind power installation of 86.5GW and 110.4GW respectively for 2017–2020. For PV, by the end of 2016, total installed capacity was 77.42GW, and with annual new installations of about 10GW per year for distributed projects and the PV poverty relief project for 2017–2020 the PV poverty relief project, it is estimated that by the end of 2020, China's total PV installed capacity will reach 200GW. For wind power, by the end of 2016, total installed capacity was 149GW, and it is estimated that by the end of 2020, China's total installed capacity will reach 259GW. The enormous market demand will further speed up development of the new energy industry.

In future, the new energy industry will continue to exhibit a strong growth momentum. The Group will continue to take the national energy policy as a guide, maintaining a strong footing in the stable development of domestic operations, while setting our eyes on the international market, sustaining its efforts to becoming a leading global green intelligent energy supplier.

- **Business plan in the second half of 2017**

In the face of a new situation, the Group will maintain its confidence, strengthen security, grasp market opportunity, deepen streamlined production, thus continuing to maintain a core of quality and economic efficiency, accurately analysing industrial policy and trends, further raising the Group's profitability, competitiveness, risk resistance and sustainability.

(1) Deepening the Implementation of Safety Responsibility, Striving to Raise Production Management Levels

The Group further strengthens its safety supervision and safeguard systems by implementing safety management responsibilities at all levels, developing and raising safety awareness of employees, solidifying the foundation of production safety. We will maintain the strengthening of operations management, efficiently manage and control potential risks, further raising production management quality and efficiency.

(2) Sustaining Precision Management, Ensuring Quality and Quantity Completion of Maintenance Work

During the first half of 2017, in order to realise optimum efficiency and grasp market opportunities, the Group determined that the annual maintenance scheme will commence in the second half of 2017. Based on the formulated maintenance scheme, the management principle of "scientific coordination, rigour and meticulousness, safety and organisation, complete control", and integrated with the market conditions of polysilicon, the Group will determine the schedule for maintenance in order to ensure the successful completion of maintenance work.

(3) Improving the Quality of Polysilicon and Elevating the Production Automation Level

The Group will further lower the unit cost of products and enhance production efficiency by means of technological transformation and innovation, and will keep eyes on any updated development of polysilicon production technology to mitigate new risks arising from potential technological innovation in the industry. Meanwhile, the Group will conduct focused elevation of the production automation level of polysilicon production lines in stages through systematic planning in order to narrow the gap between quality overseas enterprises and the Group.

(4) Track Policy Directions in the Wind power and PV Industry, Competing for Wind power and PV Resources in Prominent Focus Types and Regions

In anticipation of the “fore-runner” and “super fore-runner” project tenders that will be issued in the second half of 2017, the Group will maintain its goal of “optimal efficiency” as it commences work on bidding and wrestling for the projects. The Group will focus on cultivation works around regions such as Jiangxi, Jiangsu, Guangxi, and Hunan, increasing the allocated wind power resources, actively promoting the implementation of wind power projects in the mid-Eastern and Southern regions, in order to provide security for future growth.

(5) Competing for Quality International Wind power and PV Resources, Accelerating the Implementation of Shortlisted Projects

The Group will utilise the market opportunities and financing conditions brought about by China’s “One Belt, One Road” policy, expanding development of its international wind power and PV resource businesses, raising its international competitiveness, wrestling for focus projects by efficiently coordinating and consolidating the entire Group’s advantages and resources in its overseas business development, accelerating the implementation of shortlisted projects.

(6) Accelerating the Development of High-End Manufacturing in New Energies, Raising Product Integration Abilities

The Group is strengthening integration among its eCloud platform and equipment such as PV inverters, SVG, flexible DC transmitters, electric power routers, and charging piles, consolidating various innovative new technological products, forming a holistic and complete intelligent power grid solution based on cloud computing and big data, raising streamlined production levels of manufacturing operations and integrating abilities of its products.

V. RISK FACTORS AND RISK MANAGEMENT

(1) Risks associated with falling price of polysilicon

Fluctuations in polysilicon prices are fundamentally determined by supply and demand. In the first half of 2017, prices managed to rebound after experiencing a short clifflike fall, mainly due to the impacts of the "630" policy, as the wave of construction and grid connection of end substations supported polysilicon demand in the first half of 2017. It is expected that as end demand gradually shrinks in the second half of 2017, demand for polysilicon will fall, which will in turn impact the Group's revenue operating results.

The Group will strengthen technological R&D, and reduce costs and improve quality by expanding production and enhancing production efficiency so that risks associated with falling prices of polysilicon will be mitigated.

(2) Risks associated with market competition

In the first half of 2017, the PV and wind power industries of China continued to maintain a strong growth momentum. The technology level of manufacturers has gradually improved as the industry developed, and the number of polysilicon manufacturers and PV and wind power project contractors increased continuously, which has led to increasingly fierce market competition. As the scale of the PV and wind power markets are affected greatly by government planning of the installed capacity, the competition will be intensified if the government reduces the planned installed capacity. The above factors may impose certain impact on the market share of the Group.

The Group will actively respond to challenges in the market, and exercise its own advantages through providing high quality products and rendering professional services, so as to further consolidate and enhance its position in the industry.

(3) Risks associated with grid connection and consumption of PV and wind power

During the Reporting Period, grid connection and absorption problems of PV and wind power has lessened to a certain extent, although the problem of curtailment of wind and PV power still existed in certain regions, as problems such as low local consumption capacity, grid stability, and control and management have not been fundamentally resolved. At the same time, the rushed installation triggered by on-grid tariff cut will also cause pressure to the grid connection and absorption of PV and wind power.

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

(4) Risks associated with tariff cuts

According to the Notice Regarding the Adjustment to Benchmark On-Grid Tariffs of PV and Onshore Wind Power Generation (《關於調整光伏發電陸上風電標杆上網電價的通知》) issued by the NDRC in December 2016, the on-grid benchmark tariffs of PV and wind power plants had been appropriately reduced in order to reasonably guide and bring about new energy investments, which meant the PV and wind power generation sectors had taken another big step toward achieving the stated objective of "grid parity" in 2020. However, to achieve the goal of "grid parity" as soon as possible, the PV and wind power on-grid tariffs are still faced with reduction pressure.

The Group will increase investments in R&D to further reduce the costs of power generation and improve the generating hours through technical upgrading, which will partially offset the risks of tariff cut.

Corporate Governance

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

For the six months ended 30 June 2017, the Company had fully complied with the code provisions contained in the CG Code.

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

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

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

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL INFORMATION

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

USE OF PROCEEDS

The Company conducted the initial public offering of its H Shares and had its H Shares listed on the Main Board of the Stock Exchange in December 2015. The proceeds of H Shares offering were the equivalent of approximately RMB1,192 million in HKD. According to the plan of the use of the proceeds of the Company, as of 30 June 2017, accumulated used proceeds were the equivalent of approximately RMB1,128 million, and the unused proceeds were the equivalent of approximately RMB64 million.

As of 30 June 2016, the uses of proceeds of H Shares of the Company are as follows:

No.	Usage	Allocation Amount (RMB million)	Used Proceeds (RMB million)	Unused Proceeds (RMB million)
1	Construction and operation of the BOO projects of the Group	**762.00**	**761.67**	**0.33**
2	Replenishment of operating capital	**135.27**	**130.36**	**4.91**
3	Repayment of part of long-term bank loans	**235.74**	**235.74**	**0.00**
4	Investment in R&D activities and purchasing or upgrading of IT systems	**58.66**	**0.00**	**58.66**
	Total	**1,191.67**	**1,127.77**	**63.90**

DIVERSITY POLICY OF BOARD MEMBERS

The Company has adopted the Board Diversity Policy of Xinte Energy Co., Ltd. (《新特能源股份有限公司董事會成員多元化政策》) (the "**Policy**"). It believes that a diversified Board is highly beneficial to the performance of the Company, and confirms that it will consider board diversity from various aspects when setting the Board components, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on the value and contribution the selected candidates would bring to the Board. All Board nominations will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The selection of candidates for the Board will be based on a range of diversified categories, including but not limited to age, cultural and educational background, professional experience, skills and knowledge.

The Nomination Committee will disclose the composition of the Board in the Corporate Governance Report contained in the annual report every year and monitor the implementation of the Policy. The Nomination Committee will review the Policy as appropriate to ensure its effectiveness. It will also discuss and recommend any necessary revisions to the Board for approval.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules and paragraph C.3 of the CG Code. The primary duties of the Audit Committee are to review the annual internal audit plan of the Company; oversee the financial reporting process and internal control procedure of the Group, review the quality and financial information of the Group and its disclosure, oversee the appointment, reappointment 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 coordination between the internal audit personnel and external auditors and to ensure that the internal audit function is adequately resourced and the relevant staff have been trained with sufficient qualifications and experience and are provided with regular training programmes and other similar arrangement.

The Audit Committee consists of three independent non-executive Directors and two non-executive Directors, namely, Mr. Wong, Yui Keung Marcellus (independent non-executive Director), Mr. Yang Deren (independent non-executive Director), Mr. Qin Haiyan (independent non-executive Director), Ms. Guo Junxiang (non-executive Director) and Mr. Tao Tao (non-executive Director). Mr. Wong, Yui Keung Marcellus serves as the chairman of the Audit Committee.

The Audit Committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2017, the 2017 interim report and the unaudited condensed consolidated financial statement for the six months ended 30 June 2017 prepared in accordance with IAS 34, “Interim Financial Reporting”.

Other Information

SHARE CAPITAL

As of 30 June 2017, the share capital structure of the Company is as follows:

Classification of Shares	Number of issued shares as at 30 June 2017	Approximate percentage of total issued shares as at 30 June 2017 (%)
Domestic Shares	731,529,532	70%
H Shares	313,475,630	30%
Total	1,045,005,162	100%

As of 30 June 2017, the total share capital of the Company was 1,045,005,162 Shares, divided into 731,529,532 Domestic Shares with nominal value of RMB1 each and 313,475,630 H Shares with nominal value of RMB1 each.

PUBLIC FLOAT

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

INTERIM DIVIDEND

The Board does not recommend the declaration of any dividend for the six months ended 30 June 2017.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2017.

INTEREST OF DIRECTORS IN COMPETING BUSINESS

Save as disclosed below, during the six months ended 30 June 2017, no other Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

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

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

As of 30 June 2017, so far as known to the Company, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) (a) which will have to be notified to the Company and the Stock Exchange (including those they are taken or deemed to have under such provisions of the SFO); or (b) which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Name	Nature of interest	The Company/ relevant corporation (including associated corporations)	Number/class of Shares of the Company/relevant corporation (including associated corporations) held	Approximate percentage of shareholdings in the total share capital of the Company/ relevant corporation (including associated corporations)(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	57,826,308 Domestic Shares	5.53%	7.90%	Long position
	Beneficial owner	TBEA(4)	406,403 shares	0.01%	N/A	Long position
	Interest in a controlled corporation(5)	TBEA(4)	446,982,637 shares	12.02%	N/A	Long position
Mr. Zhang Jianxin	Beneficial owner	TBEA(4)	185,002 shares	0.01%	N/A	Long position
Mr. Ma Xuping	Beneficial owner	TBEA(4)	289,066 shares	0.01%	N/A	Long position
Ms. Guo Junxiang	Beneficial owner	TBEA(4)	327,347 shares	0.01%	N/A	Long position
Mr. Yin Bo	Beneficial owner	TBEA(4)	69,376 shares	0.00%	N/A	Long position
Supervisors						
Ms. Wu Wei	Beneficial owner	TBEA(4)	404,694 shares	0.01%	N/A	Long position
Mr. Hu Shujun	Beneficial owner	TBEA(4)	69,376 shares	0.00%	N/A	Long position
Mr. Cao Huan	Beneficial owner	TBEA(4)	30,063 shares	0.00%	N/A	Long position
Mr. Zhang Yueqiang	Beneficial owner	TBEA(4)	46,251 shares	0.00%	N/A	Long position

Notes:

(1) The calculation is based on the total number of 3,718,647,789 shares of TBEA and 1,045,005,162 Shares of the Company in issue as of 30 June 2017.

(2) The calculation is based on the total number of 731,529,532 Domestic Shares of the Company in issue as of 30 June 2017.

(3) Mr. Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian, and as of 30 June 2017, Xinjiang Tebian directly holds 5.53% equity interest of the Company.

(4) TBEA is our Company's Controlling Shareholder and therefore is an "associated corporation" of the Company within the meaning of Part XV of the SFO. As of 30 June 2017, TBEA held 628,926,449 Domestic Shares and TBEA (Hongkong) Co., Limited, a wholly-owned subsidiary of TBEA, held 683,200 H Shares, which accounted for approximately 60.25% of the total share capital of the Company.

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

Save as disclosed above, as of 30 June 2017, none of the Directors, Supervisors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As of 30 June 2017, 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 are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and has been entered in the register required to be kept by the Company according to Section 336 of the SFO:

Name of Shareholders	Nature of interest	Class of Shares held	Number of Shares held	Approximate percentage of shareholdings in the relevant class of Shares of the Company[1]	Approximate percentage of shareholdings in the total share capital of the Company[1]	Long position/ short position
TBEA	Beneficial owner	Domestic Shares	628,926,449	85.97%	60.18%	Long position
Xinjiang Tebian	Beneficial owner	Domestic Shares	57,826,308	7.90%	5.53%	Long position
Mr. Chen Weilin[2]	Interest in a controlled corporation	Domestic Shares	57,826,308	7.90%	5.53%	Long position
L.R. Capital Management Company (Cayman) Limited[3]	Beneficial owner	H Shares	63,838,658	20.36%	6.11%	Long position
CM International Capital Limited	Beneficial owner	H Shares	43,859,649	13.99%	4.20%	Long position
Keystone Group Ltd.[4]	Beneficial owner	H Shares	26,420,400	8.43%	2.53%	Long position
Ms. Ouyang Xinxiang[4]	Interest in a controlled corporation	H Shares	26,420,400	8.43%	2.53%	Long position

Other Information

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

Notes:

(1) The calculation is based on the total number of 1,045,005,162 Shares of the Company in issue as of 30 June 2017, in which 313,475,630 are H Shares and 731,529,532 are Domestic Shares.

(2) Mr. Chen Weilin holds 33.61% of the equity interest of Xinjiang Tebian, which directly holds 5.53% interest of the Company. Accordingly, Mr. Chen Weilin is deemed to be interested in the 57,826,308 Domestic Shares held by Xinjiang Tebian for the purpose of the SFO.

(3) According to the Company's current information, as of 30 June 2017, L.R. Capital Management Company (Cayman) Limited holds 63,838,658 H Shares.

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

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

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

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

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

Save as disclosed above, as of 30 June 2017, the Directors are not aware that any other person (other than the Directors, Supervisors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or has to be entered in the register kept by the Company according to Section 336 of the SFO.

Other Information

EMPLOYEES

As of 30 June 2017, there is a total of 3,638 employees in the Group. The remuneration of the Group's employees comprises of basic salary of the respective position and performance-based salary, with the performance-based salary determined based on the results of the Group and performance assessment results of the employees.

At the same time, the Group values the importance of training work of its staff, continuously improving its education and training institution. Based on the aspects of the construction of a team of talents, the qualifications of positions, and business requirements, the Group has systematically organised the needs of our training work, building a training system that encompasses all our staff and is relevant to their career paths, based on the career path 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 work, and through taking on scientific and technological innovation, technological problem-solving and productivity streamlining projects, expand the vision and enrich the knowledge of our workers, sustaining the upgrading of their levels of self-cultivation and technical skill.

MAJOR LEGAL PROCEEDING

For the six months ended 30 June 2017, the Company was involved in one major legal proceeding, which has been disclosed in the Company's prospectus dated 17 December 2015 and the Company's 2016 Annual Report:

Jiangsu Zhongneng Case:

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

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

Save as disclosed relevant information in the 2016 Annual Report of the Company, there is yet to be any other developments in this case.

Except for the above-mentioned proceeding, as of 30 June 2017, the Group was not involved in any major legal proceedings or arbitrations. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Group.

COMPLIANCE WITH OFAC UNDERTAKINGS

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

CHANGE OF INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

For the six months ended 30 June 2017, the changes of information of Directors, Supervisors and chief executives of the Company are as follows:

(1) Ms. Jia Fei has resigned from her duties as the Company's deputy general manager with effect from 1 January 2017.

(2) Mr. Wang Jian has resigned from his duties as non-executive Director and member of the Audit Committee with effect from 8 March 2017.

(3) At the 2016 annual general meeting held on 16 June 2017, the Shareholders approved of the appointment of Mr. Tao Tao as non-executive Director. At the same time, Mr. Tao Tao was appointed as member of the Audit Committee effective from 16 June 2017, until the term of the current Board expires. Mr. Tao Tao's resume is as follows:

    Mr. Tao Tao, aged 34, currently serves as non-executive Director. Mr. Tao Tao obtained master degree, and he is currently serving as deputy general manager of equity investment division of Minsheng CMH Investment Company Limited (中民華恒投資有限公司). He worked as a researcher of First Futures Co., Ltd. (一德期貨有限公司), a researcher of PICC Asset Management Company Limited (中國人保資產管理股份有限公司), director of design division No. 1 (new energy division) of China Minsheng Investment Corporation (中國民生投資有限公司).

    Mr. Tao Tao confirmed that he does not have any relationship with any Directors, senior management, substantial shareholders or Controlling Shareholders of the Company as at the Latest Practicable Date.

(4) Independent non-executive Director Mr Qin Haiyan has also been serving as independent non-executive director of Ningxia Jiaze Renewables Corporation Limited (寧夏嘉澤新能源股份有限公司) (Stock code: 601619.SH), which commenced listing on the main board of the Shanghai Securities Exchange on 20 July 2017, since 15 August 2015. Mr. Qin Haiyan has also been appointed as independent non-executive director of CECEP Wind-power Corporation Co., Ltd. (中節能風力發電股份有限公司) (Stock code: 601016.SH) since 25 July 2017.

Review Report

羅兵咸永道

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 40 to 68, which comprises the interim condensed consolidated balance sheet of Xinte Energy Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as of 30 June 2017 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 August 2017

Interim Condensed Consolidated Balance Sheet

30 June 2017

	Note	As of 30 June 2017 RMB'000 (Unaudited)	As of 31 December 2016 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	12,033,018	11,984,258
Land use rights		563,963	546,735
Intangible assets		46,265	48,580
Investments accounted for using the equity method		123,296	94,441
Available-for-sale financial assets		1,000	1,000
Deferred income tax assets	8	158,802	136,394
Other non-current assets		1,355,504	1,091,667
Total non-current assets		14,281,848	13,903,075
Current assets			
Inventories		4,484,008	4,401,280
Amounts due from customers for contract work	9	2,661,003	2,387,570
Other current assets		258,263	269,586
Trade and notes receivable	10	3,509,756	3,247,106
Prepayments and other receivables		1,276,809	755,465
Restricted cash		1,177,537	950,525
Cash and cash equivalents		2,968,778	1,897,947
Total current assets		16,336,154	13,909,479
Total assets		30,618,002	27,812,554

Interim Condensed Consolidated Balance Sheet

30 June 2017

	Note	As of 30 June 2017 RMB'000 (Unaudited)	As of 31 December 2016 RMB'000 (Audited)
EQUITY			
Equity attribute to owners of the Company			
Share capital	11	1,045,005	1,045,005
Share premium	11	5,030,375	5,030,375
Other reserves		354,098	353,024
Retained earnings		2,457,480	1,831,898
		8,886,958	8,260,302
Non-controlling interests		54,768	51,442
Total equity		8,941,726	8,311,744
LIABILITIES			
Non-current liabilities			
Borrowings	12	6,501,173	6,336,601
Deferred government grants		366,931	361,680
Deferred income tax liabilities	8	28,000	—
Total non-current liabilities		6,896,104	6,698,281
Current liabilities			
Trade and notes payable	13	6,955,092	6,935,441
Provisions and other payables		3,037,133	2,253,427
Amounts due to customers for contract work	9	251,702	144,563
Current income tax liabilities		30,149	36,865
Borrowings	12	4,506,096	3,432,233
Total current liabilities		14,780,172	12,802,529
Total liabilities		21,676,276	19,500,810
Total equity and liabilities		30,618,002	27,812,554

The notes on pages 46 to 68 form an integral part of this condensed consolidated interim financial information.

This condensed consolidated interim financial information was approved by the Board of Directors on 23 August 2017 and signed on its behalf.

Jianxin Zhang
Chairman

Bo Yin
Executive Director

Interim Condensed Consolidated Statement of Comprehensive Income

30 June 2017

	Note	Six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Revenue	6	**5,165,270**	4,823,225
Cost of sales		**(3,730,583)**	(3,795,660)
Gross profit		**1,434,687**	1,027,565
Selling and marketing expenses		**(148,336)**	(146,045)
General and administrative expenses		**(287,603)**	(259,653)
Other income	14	**22,596**	29,389
Other (losses)/gains – net		**(10,065)**	9,708
Operating profit		**1,011,279**	660,964
Interest income	15	**9,545**	11,389
Finance expenses	15	**(142,831)**	(107,819)
Finance expenses — net		**(133,286)**	(96,430)
Share of profit of investments accounted for using the equity method		**3,671**	146
Profit before income tax		**881,664**	564,680
Income tax expense	16	**(126,787)**	(90,307)
Profit for the period		**754,877**	474,373

Interim Condensed Consolidated Statement of Comprehensive Income

30 June 2017

	Note	Six months ended 30 June	
		2017	2016
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
Owners of the Company		**750,983**	473,286
Non-controlling interests		**3,894**	1,087
		754,877	474,373
Other comprehensive income			
Items that may be reclassified to profit and loss			
Currency translation differences		**20**	122
Total comprehensive income for the period		**754,897**	474,495
Total comprehensive income for the period attributable to:			
Owners of the Company		**751,003**	473,408
Non-controlling interests		**3,894**	1,087
		754,897	474,495
Earnings per share for profit attributable to owners of the Company			
Basic earnings per share (RMB)	17	**0.72**	0.45
Diluted earnings per share (RMB)	17	**0.72**	0.45

The notes on pages 46 to 68 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

30 June 2017

	Attributable to owners of the Company						
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited)							
Balance at 1 January 2017	1,045,005	5,030,375	353,024	1,831,898	8,260,302	51,442	8,311,744
Comprehensive income							
Profit for the period	–	–	–	750,983	750,983	3,894	754,877
Currency translation differences	–	–	20	–	20	–	20
Total comprehensive income	–	–	20	750,983	751,003	3,894	754,897
Transactions with owners							
Dividends (Note 18)	–	–	–	(125,401)	(125,401)	–	(125,401)
Dividends paid to non-controlling interests	–	–	–	–	–	(568)	(568)
Share-based payments:							
— fair value of employee services	–	–	1,054	–	1,054	–	1,054
Total transactions with owners, recognized directly in equity	–	–	1,054	(125,401)	(124,347)	(568)	(124,915)
Balance at 30 June 2017	1,045,005	5,030,375	354,098	2,457,480	8,886,958	54,768	8,941,726
(Unaudited)							
Balance at 1 January 2016	1,024,228	4,902,097	295,378	1,182,991	7,404,694	46,242	7,450,936
Comprehensive income							
Profit for the period	–	–	–	473,286	473,286	1,087	474,373
Currency translation differences	–	–	122	–	122	–	122
Total comprehensive income	–	–	122	473,286	473,408	1,087	474,495
Transactions with owners							
Issuance of the over-allotment shares (Note 11)	20,777	132,878	–	–	153,655	–	153,655
Shares issue costs (Note 11)	–	(4,600)	–	–	(4,600)	–	(4,600)
Dividends (Note 18)	–	–	–	(104,501)	(104,501)	–	(104,501)
Share-based payments:							
— fair value of employee services	–	–	12,524	–	12,524	–	12,524
Total transactions with owners, recognized directly in equity	20,777	128,278	12,524	(104,501)	57,078	–	57,078
Balance at 30 June 2016	1,045,005	5,030,375	308,024	1,551,776	7,935,180	47,329	7,982,509

The notes on pages 46 to 68 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Cash Flows

30 June 2017

	Six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash used in operations	**(60,409)**	(1,056,574)
Income tax paid	**(117,197)**	(98,443)
Net cash used in operating activities	**(177,606)**	(1,155,017)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(683,445)**	(1,155,150)
Purchase of intangible assets	**(4,727)**	(3,800)
Purchase of land use rights	**(5,950)**	(9,714)
Proceeds from disposal of property, plant and equipment	**—**	1,586
Addition in investments accounted for using the equity method	**—**	(400)
Government grants received	**4,680**	1,383
Changes in restricted cash	**(227,012)**	(326,134)
Net cash used in investing activities	**(916,454)**	(1,492,229)
Cash flows from financing activities		
Proceeds from issuance of over-allotment shares	**—**	153,655
Shares issue costs	**—**	(4,600)
Repayments of borrowings	**(2,795,534)**	(3,522,782)
Proceeds from borrowings	**5,178,416**	5,255,560
Interest paid	**(213,770)**	(191,624)
Dividends paid to non-controlling interests	**(568)**	—
Net cash generated from financing activities	**2,168,544**	1,690,209
Net increase/(decrease) in cash and cash equivalents	**1,074,484**	(957,037)
Cash and cash equivalents at beginning of the period	**1,897,947**	2,862,403
Exchange (losses)/gains on cash and cash equivalents	**(3,653)**	448
Cash and cash equivalents at end of the period	**2,968,778**	1,905,814

The notes on pages 46 to 68 form an integral part of this condensed consolidated interim financial information.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

30 June 2017

1 General information

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

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

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

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

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

3 Accounting policies

The accounting policies applied in this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to IFRSs effective for the financial year ended 31 December 2017.

(a) Amendments to IFRSs effective for the financial year ending 31 December 2017 do not have a material impact on the Group.

3 Accounting policies (continued)

(b) Impact of standards issued but not yet applied by the Group

IFRS 9, 'Financial instruments'

IFRS 9 Financial instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt IFRS 9 until it becomes mandatory on 1 January 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the reason:

- The equity instruments that are currently classified as available-for-sale (AFS) financial assets appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. If the Group were to adopt the new rules from 1 January 2017, it estimates that it would have no significant impact on the consolidated financial statements.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

IFRS 15, 'Revenue from contracts with customers'

A new standard for the recognition of revenue has been issued. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts.

3 Accounting policies (continued)

(b) Impact of standards issued but not yet applied by the Group (continued)

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018. The Group will adopt the new standard from 1 January 2018.

Had the standard had been adopted from 1 January 2017, the Group estimates that it would have no significant impact of the new rules on the Group's financial statements.

IFRS 16, 'Leases'

IFRS 16 was issued in January 2016. It will results in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at 30 June 2017, the Group has non-cancellable operating lease commitments of RMB20,524,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4 Estimates

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

5 Financial risk management

5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of 31 December 2016.

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

6 Segment information

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

During the six months ended 30 June 2017, the portion of sales from the self-owned coal-fired power plant to supply electricity to the polysilicon production segment continued to increase, the CODM does not consider the sales of electricity to be a business that should be separately reviewed. Therefore, the Group has combined the sales of electricity with polysilicon production segment; the comparatives have been restated.

6 Segment information (continued)

In addition, since the inverter manufacturing segment does not meet the quantitative thresholds required by IFRS 8 for reportable segments, the CODM has combined the inverter manufacturing with others segment; the comparatives have also been restated.

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

The segment results for the six months ended 30 June 2017 are as follows:

	Polysilicon production RMB'000	ECC RMB'000	PV wafer and module manufacturing RMB'000	BOO RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
(Unaudited)							
For the six months ended 30 June 2017:							
Segment revenue and results							
Total segment revenue	1,822,993	2,810,332	33,536	158,383	489,756	(149,730)	5,165,270
Inter-segment revenue	(9,255)	(81,029)	(9,482)	–	(49,964)	149,730	–
Revenue from external customers	1,813,738	2,729,303	24,054	158,383	439,792	–	5,165,270
Segment results	832,260	442,672	(41,366)	106,945	94,176	–	1,434,687
Amortisation	7,771	1,423	413	4,875	1,514	–	15,996
Depreciation	238,152	1,516	8,724	42,127	12,414	–	302,933
Provisions of impairment:							
— trade and other receivables	1,028	55,809	102	–	4,302	–	61,241
— property, plant and equipment (Note 7)	–	–	49,106	–	–	–	49,106
— inventory	–	6,775	–	–	–	–	6,775
— construction contracts	–	2,191	–	–	–	–	2,191
Share of profit of investments accounted for using the equity method	–	3,671	–	–	–	–	3,671

6 Segment information (continued)

	Polysilicon production RMB'000	ECC RMB'000	PV wafer and module manufacturing RMB'000	BOO RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
(Unaudited)							
For the six months ended 30 June 2016 (restated):							
Segment revenue and results							
Total segment revenue	1,499,333	3,155,842	129,159	11,171	514,161	(486,441)	4,823,225
Inter-segment revenue	(17,401)	(364,085)	—	—	(104,955)	486,441	—
Revenue from external customers	1,481,932	2,791,757	129,159	11,171	409,206	—	4,823,225
Segment results	536,601	378,706	14,298	6,910	91,050	—	1,027,565
Other segment items							
Amortisation	8,050	867	413	3,155	1,679	—	14,164
Depreciation	248,190	2,388	15,216	3,408	5,446	—	274,648
Provisions of impairment:							
— trade and other receivables	1,715	12,710	1,037	—	2,710	—	18,172
— construction contracts	—	2	—	—	—	—	2
Share of profit of investments accounted for using the equity method	—	146	—	—	—	—	146

6 Segment information (continued)

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Polysilicon production	**832,260**	536,601
ECC	**442,672**	378,706
PV wafer and module manufacturing	**(41,366)**	14,298
BOO	**106,945**	6,910
Others	**94,176**	91,050
Total gross profit for reportable segments	**1,434,687**	1,027,565
Selling and marketing expenses	**(148,336)**	(146,045)
General and administrative expenses	**(287,603)**	(259,653)
Other income	**22,596**	29,389
Other (losses)/gains — net	**(10,065)**	9,708
Finance expenses — net	**(133,286)**	(96,430)
Share of profit of investments accounted for using the equity method	**3,671**	146
Profit before income tax	**881,664**	564,680
Income tax expense	**(126,787)**	(90,307)
Profit for the period	**754,877**	474,373

6 Segment information (continued)

The segment assets as of 30 June 2017 are as follows:

	Polysilicon production RMB'000	ECC RMB'000	PV wafer and module manufacturing RMB'000	BOO RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
(Unaudited)							
As of 30 June 2017							
Segment assets	12,739,079	14,684,555	175,664	5,312,536	2,545,123	(5,121,053)	30,335,904
Investments accounted for using the equity method	—	123,296	—	—	—	—	123,296
	12,739,079	14,807,851	175,664	5,312,536	2,545,123	(5,121,053)	30,459,200
Unallocated assets							158,802
Total assets							30,618,002
Additions to non-current assets	423,012	81,550	71	112,101	52,442	-	669,176
(audited)							
As of 31 December 2016							
Segment assets	12,434,237	12,709,552	287,379	5,199,155	2,152,268	(5,200,872)	27,581,719
Investments accounted for using the equity method	—	94,441	—	—	—	—	94,441
	12,434,237	12,803,993	287,379	5,199,155	2,152,268	(5,200,872)	27,676,160
Unallocated assets							136,394
Total assets							27,812,554
Additions to non-current assets	490,699	479,429	859	1,641,110	273,300	—	2,885,397

6 Segment information (continued)

Entity-wide information

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Provision of ECC services	**2,729,303**	2,791,757
Sales of goods	**2,333,637**	1,917,892
Provision of services other than ECC	**102,330**	113,576
	5,165,270	4,823,225

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The PRC	**5,085,805**	4,514,864
Other countries	**79,465**	308,361
	5,165,270	4,823,225

There was no single external customer contributed more than 10% of the total revenue for the six months ended 30 June 2017 and 2016.

As of 30 June 2017 and 31 December 2016, all the Group's non-current assets, other than financial instruments and deferred income tax assets, are primarily located in the PRC.

7 Property, plant and equipment

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Opening net book value	**11,984,258**	9,831,693
Additions	**638,922**	1,049,116
Disposals	**(29,061)**	(2,639)
Disposals of subsidiary	**(190,345)**	—
Depreciation charge	**(321,650)**	(275,762)
Impairment provisions (Note(a))	**(49,106)**	—
Closing net book value	**12,033,018**	10,602,408

The depreciation expense has been charged into accounts as below:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of sales	**271,068**	250,198
Selling and marketing expenses	**209**	313
General and administrative expenses	**31,656**	24,137
Capitalized in inventories	**18,717**	1,114
	321,650	275,762

For the six months ended 30 June 2017, interest expenses of RMB27,370,000 (six months ended 30 June 2016: RMB55,446,000) have been capitalised in property, plant and equipment at average interest rate of 5.03% (six months ended 30 June 2016: 5.54%)(Note 15).

As of 30 June 2017, Group's certain buildings and machinery with original book value of RMB12,488,560,000 (31 December 2016: RMB12,301,706,000) were pledged as securities for Group's borrowings (Note 12).

7 Property, plant and equipment (continued)

(a) Impairment losses of property, plant and equipment

For the six months ended 30 June 2017, the Group made an impairment provision on property, plant and equipment amounting to RMB49,106,000 (six months ended 30 June 2016: Nil).

According to the Group's latest business plans and strategies, the production lines of wafer and module ceased the operation. Accordingly, the management performed an impairment assessment on the assets based on its recoverable amount. The recoverable amount is estimated using the fair value less costs to sell which is higher than the value in use. The management estimated the fair value of these assets, taking into consideration the market price and value of recyclable metals upon termination of business. The Group concluded that the fair value of these assets was lower than their carrying amounts, and made an impairment provision amounting to RMB49,106,000.

8 Deferred income tax

(a) Deferred income tax assets

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Beginning of the period	**136,394**	82,644
Credited to the consolidated statement of comprehensive income	**22,408**	32,382
End of the period	**158,802**	115,026

(b) Deferred income tax liabilities

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Beginning of the period	**–**	–
Debited to the consolidated statement of comprehensive income	**28,000**	–
End of the period	**28,000**	–

9 Amounts due from/(to) customers for contract work

	As of 30 June 2017 RMB'000 (Unaudited)	As of 31 December 2016 RMB'000 (Audited)
Contract cost incurred plus recognized profit less foreseeable losses	**4,733,053**	8,637,483
Less: progress billings	**(2,323,752)**	(6,394,476)
Net balance sheet position for ongoing contracts	**2,409,301**	2,243,007
Representing:		
Amounts due from customers for contract work	**2,661,003**	2,387,570
Amounts due to customers for contract work	**(251,702)**	(144,563)
	2,409,301	2,243,007

For the six months ended 30 June 2017, total contract revenue recognized is RMB2,186,210,000 (six months ended 30 June 2016: RMB2,751,165,000).

10 Trade and notes receivable

	As of 30 June 2017 RMB'000 (Unaudited)	As of 31 December 2016 RMB'000 (Audited)
Trade receivables	**2,089,290**	1,642,990
Notes receivable	**1,556,473**	1,686,716
	3,645,763	3,329,706
Less: provision for impairment	**(136,007)**	(82,600)
	3,509,756	3,247,106

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

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

	As of 30 June 2017 RMB'000 (Unaudited)	As of 31 December 2016 RMB'000 (Audited)
Within 3 months	**938,344**	307,968
3 to 6 months	**190,997**	387,417
6 months to 1 year	**235,803**	432,432
1 to 2 years	**437,956**	395,020
2 to 3 years	**233,756**	87,576
Over 3 years	**52,434**	32,577
	2,089,290	1,642,990

10 Trade and notes receivable (continued)

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

As of 30 June 2017, retention money included in trade receivables amounted to RMB401,260,000 (31 December 2016: RMB223,211,000), which was neither past due nor impaired.

As of 30 June 2017 and 31 December 2016, no trade receivables were past due but not impaired.

As of 30 June 2017, trade receivables of RMB1,688,030,000 (31 December 2016: RMB1,419,779,000) was partially impaired. The amount of the related provisions for impairment pertaining to these receivables was approximately RMB136,007,000 at 30 June 2017 (31 December 2016: RMB82,600,000). It was assessed that a portion of the receivables is expected to be recovered. The ageing analysis of these receivables are as follows:

	As of 30 June 2017 RMB'000 (Unaudited)	As of 31 December 2016 RMB'000 (Audited)
Less than 1 year	**1,168,109**	1,050,711
1 year to 2 years	**318,269**	318,100
2 years to 3 years	**182,780**	46,718
Over 3 years	**18,872**	4,250
	1,688,030	1,419,779

11 Share capital and share premium

Ordinary shares, issued and fully paid:

	Number of ordinary shares (thousands)	Nominal value RMB'000	Share premium RMB'000	Total share capital and share premium RMB'000
(Unaudited)				
As of 1 January 2017 and 30 June 2017	**1,045,005**	**1,045,005**	**5,030,375**	**6,075,380**
(Unaudited)				
As of 1 January 2016	1,024,228	1,024,228	4,902,097	5,926,325
Issuance of the over-allotment shares (Note(a))	20,777	20,777	128,278	149,055
As of 30 June 2016	1,045,005	1,045,005	5,030,375	6,075,380

(a) The over-allotment option was exercised on 21 January 2016 of an aggregate of 20,776,800 H Shares with nominal value of RMB1.00 each at a price of HKD8.80 per share. The total proceeds from the over-allotment (including underwriter commissions) was approximately HKD182,836,000 (equivalent to approximately RMB153,655,000), with which share capital increased by approximately RMB20,777,000 and share premium increased by approximately RMB132,878,000. The share issuance costs relating to the over-allotment option amounted to RMB4,600,000.

12 Borrowings

	As of 30 June 2017 RMB'000 (Unaudited)	As of 31 December 2016 RMB'000 (Audited)
Long-term borrowings		
Bank borrowings:		
– Secured (a)	**6,945,870**	6,635,150
Other borrowings:		
– Secured (b)	**378,500**	521,142
Less: current portion of long-term borrowings	**(823,197)**	(819,691)
Total non-current borrowings	**6,501,173**	6,336,601
Short-term borrowings		
Bank borrowings:		
– Secured (a)	**1,054,195**	200,000
– Unsecured	**2,471,246**	2,018,000
	3,525,441	2,218,000
Other borrowings:		
– Secured (b)	**157,458**	194,542
– Unsecured	**–**	200,000
	157,458	394,542
Current portion of long-term borrowings	**823,197**	819,691
Total current borrowings	**4,506,096**	3,432,233
Total borrowings	**11,007,269**	9,768,834

12 Borrowings (continued)

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

	As of 30 June 2017 RMB'000 (Unaudited)	As of 31 December 2016 RMB'000 (Audited)
Within 1 year	**4,506,096**	3,432,233
1 year to 2 years	**1,163,161**	847,669
2 years to 5 years	**1,603,642**	2,712,056
Over 5 years	**3,734,370**	2,776,876
	11,007,269	9,768,834

(a) As of 30 June 2017, secured short-term bank borrowings with amount of RMB84,195,000 were pledged with the Group's certain property, plant and equipment (Note 7) and land use rights (31 December 2016: Nil).

As of 31 December 2016, secured short-term bank borrowings with amount of RMB200,000,000 were pledged with the Group's notes receivable.

As of 30 June 2017, secured short-term bank borrowings with amount of RMB970,000,000 represented proceeds received under trade receivable factoring agreements with recourse with banks (31 December 2016: Nil) (Note 10).

As of 30 June 2017, secured long-term bank borrowings with amount of RMB6,945,870,000 (31 December 2016: RMB6,635,150,000) were pledged with the Group's certain property, plant and equipment (Note 7), land use rights, inventories, and future trade receivables collection right.

(b) As of 30 June 2017, secured short-term other borrowings with amount of RMB157,458,000 (31 December 2016: RMB194,542,000) were pledged with the Group's certain property, plant and equipment (Note 7) and guarantee deposits amounting to RMB15,000,000 (31 December 2016: 15,000,000).

As of 30 June 2017 and 31 December 2016, secured long-term other borrowings with amount of RMB143,000,000 and RMB36,000,000 were guaranteed by the Company and TBEA Xinjiang New Energy Co., Ltd., the Company's subsidiary, respectively.

12 Borrowings (continued)

As of 30 June 2017, secured long-term other borrowings with amount of RMB199,500,000 were guaranteed by the bank credit. As of 31 December 2016, secured long-term other borrowings with amount of RMB342,142,000 were pledged with the Group's certain property, plant and equipment (Note 7).

(c) For the six months ended 30 June 2017, the interest rates of borrowings ranged from 1.20% to 5.39% (six months ended 30 June 2016: from 1.20% to 5.40%).

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

	As of 30 June 2017 RMB'000 (Unaudited)	As of 31 December 2016 RMB'000 (Audited)
Expiring within 1 year	**8,261,026**	6,389,482
Expiring beyond 1 year	**524,865**	—
	8,785,891	6,389,482

13 Trade and notes payable

	As of 30 June 2017 RMB'000 (Unaudited)	As of 31 December 2016 RMB'000 (Audited)
Trade payables	**3,708,388**	3,434,521
Notes payable	**3,246,704**	3,500,920
	6,955,092	6,935,441

13 Trade and notes payable (continued)

The ageing analysis of trade payables is as follows:

	As of 30 June 2017 RMB'000 (Unaudited)	As of 31 December 2016 RMB'000 (Audited)
Within 1 year	**3,033,805**	2,943,005
1 to 2 years	**565,263**	437,115
2 to 3 years	**64,854**	34,738
Over 3 years	**44,466**	19,663
	3,708,388	3,434,521

14 Other income

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Government grants	**14,915**	22,217
Net income from sales of raw materials	**4,911**	3,539
Others	**2,770**	3,633
	22,596	29,389

For the six months ended 30 June 2017 and 2016, the Group's government grant income included amortisation of asset-related government grants with amount of RMB14,229,000 and RMB12,989,000, respectively.

15 Finance expenses — net

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on borrowing	**235,438**	196,026
Less: amounts capitalised	**(92,607)**	(89,252)
— in property, plant and equipment (Note7)	**(27,370)**	(55,446)
— in inventories and construction contracts	**(65,237)**	(33,806)
Net foreign exchange losses	**–**	1,045
Finance expenses	**142,831**	107,819
Interest income	**(9,545)**	(11,389)
	133,286	96,430

16 Income tax expense

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax expense	**121,195**	122,689
Deferred income tax expense/(benefit)	**5,592**	(32,382)
	126,787	90,307

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

17 Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2017 and 2016.

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	**750,983**	473,286
Weighted average number of ordinary shares in issue (thousands)	**1,045,005**	1,042,257
Basic earnings per share (RMB)	**0.72**	0.45

(b) Diluted

No dilutive effect on earnings per share for the six months ended 30 June 2017 and 2016, as the Group had no dilutive potential ordinary shares.

18 Dividends

On 16 June 2017, the 2016 final dividend of RMB0.12 per share (2015: RMB0.1) totalling RMB125,401,000 (2015: RMB104,501,000) has been approved at the annual general meeting, but has not been paid as of 30 June 2017.

The board of directors does not recommend the payment of any interim dividend for the six months ended 30 June 2017.

19 Contingent liabilities

In June 2013, Jiangsu Zhongneng Silicon Technology Development Co., Ltd. (江蘇中能硅業科技發展有限公司, "Jiangsu Zhongneng") filed a claim with the Jiangsu Province People's Court against the Company for certain patent infringement and commercial secrets, for a total compensation amounting to RMB62 million. In December 2014, after an appeal filed the Company, the Supreme People's Court of the People's Republic of China ruled to the case should be under the jurisdiction of the Xinjiang Province People's Court. As of the date of this condensed consolidated interim financial information is approved for issue, the aforementioned litigation is in the process of transfer therefore no trial session has been conducted by Xinjiang Province People's Court yet. The directors of the Company are of the opinion that this litigation is still at a very early stage with the outcome and the contingent obligation cannot be measured with sufficient reliability. Accordingly, no provision is made with respect to the aforementioned claim at 30 June 2017.

Apart from the above, the Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As of 30 June 2017, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the condensed consolidated interim financial information.

20 Commitments

(a) Capital commitments

As of 30 June 2017 and 31 December 2016, capital commitments with respect to capital expenditure of property, plant and equipment are as follows:

	As of 30 June 2017 RMB'000 (Unaudited)	As of 31 December 2016 RMB'000 (Audited)
Contracted but not yet incurred	**606,199**	597,234

(b) Operating lease commitments

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

	As of 30 June 2017 RMB'000 (Unaudited)	As of 31 December 2016 RMB'000 (Audited)
Within 1 year	**13,262**	11,907
Between 1 to 5 years	**7,262**	11,092
	20,524	22,999

21 Related party transactions

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

21 Related party transactions (continued)

(a) Significant transactions with related parties

	Six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
With parent company:		
— Sales of goods or services	**3,873**	—
— Rental expense	**4,350**	3,655
— Purchases of goods or services	**37,472**	42,373
With fellow subsidiaries:		
— Sales of goods or services	**2,158**	7,071
— Purchases of goods or services	**192,358**	264,939
With associates of parent company:		
— Sales of goods or services	**14,490**	1,537
— Purchases of goods or services	**25,411**	30,616
With associates:		
— ECC services provided	**259,300**	214,217
With associates of a director of the Company:		
— Sales of goods	**—**	15
— Rental expense	**31**	—
— Procurement deposits	**80**	—
— Purchases of goods or services	**20,277**	6,477

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

(b) Key management compensation

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

	Six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Salaries and bonuses	**3,129**	2,881
Pension and others	**309**	354
Share-based payment	**65**	473
	3,503	3,708