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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your securities in **Xinte Energy Co., Ltd.** you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**新特能源**

**XINTE ENERGY CO., LTD.**

**新特能源股份有限公司**

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

**(Stock code: 1799)**

**REVISED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



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A letter from the Board is set out on pages 5 to 14 of this circular. A letter from the Independent Financial Adviser, Sorrento Capital Limited containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 24 of this circular and a letter from the Independent Board Committee is set out on page 15 of this circular.

The notice convening the EGM to be held at the Conference Room, 21st Floor of TBEA Co., Ltd. at No.189, South Beijing Road, Changji, Xinjiang, the PRC at 11 a.m. on Friday, 23 October 2020, is set out on pages EGM-1 to EGM-2 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to Computershare Hong Kong Investor Services Limited and for holders of Domestic Shares, the form of proxy should be returned to the Company's board secretary office not less than 24 hours before the time fixed for holding the EGM (i.e. no later than 11 a.m. on Thursday, 22 October 2020) or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any other adjourned meeting should you so wish.

8 October 2020

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“36,000-ton Polysilicon Project”	the 36,000-ton/year high-purity polysilicon industrial upgrade project
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Audit Committee”	audit committee of the Board
“Board”	the board of Directors
“Company”	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
“Continuing Connected Transaction(s)”	has the same meaning as ascribed to it under the Listing Rules
“Connected Person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Coal Procurement Framework Agreement”	the coal procurement framework agreement entered into between the Company and TBEA on 15 December 2017
“Controlling Shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Shares”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB

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## DEFINITIONS

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“EGM”	the first extraordinary general meeting of 2020 of the Company to be held at the Conference Room, 21st Floor of TBEA Co., Ltd. at No. 189, South Beijing Road, Changji, Xinjiang, the PRC at 11:00 a.m. on Friday, 23 October 2020
“Framework Agreements”	the Product Procurement Framework Agreement, Coal Procurement Framework Agreement, Miscellaneous Services Framework Agreement, and Product Sales Framework Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Shares”	foreign shares listed overseas with a par value of RMB1.00 per share in the share capital of the Company, which are subscribed and traded in Hong Kong dollars, and listed on the Stock Exchange
“Independent Board Committee”	the independent board committee comprising of all independent non-executive Directors established to advise the Independent Shareholders in relation to the Revised Annual Caps
“Independent Financial Adviser”	Sorrento Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Revised Annual Cap
“Independent Shareholders”	Shareholders other than TBEA Group
“Latest Practicable Date”	5 October 2020, being the latest practicable date before printing of this circular for the purpose of ascertaining certain information for inclusion in this circular

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Miscellaneous Services Framework Agreement”	the miscellaneous construction services framework agreement entered into between the Company and TBEA on 15 December 2017
“Product Procurement Framework Agreement”	the product procurement framework agreement entered into between the Company and TBEA on 15 December 2017
“Product Sales Framework Agreement”	the product sales framework agreement entered into between the Company and TBEA on 12 September 2019
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular, Hong Kong, Macau and Taiwan
“Revised Annual Cap(s)”	the revised anticipated maximum annual amount of the transactions contemplated under the Supplemental Coal Procurement Framework Agreement for the year ending 31 December 2020 which is aggregated with the existing anticipated maximum annual amount of the transactions contemplated under the remaining Framework Agreements
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the same meaning as ascribed to it under the Listing Rules

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## DEFINITIONS

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“Supervisor(s)”	supervisor(s) of the Company
“Supplemental Coal Procurement Framework Agreement”	the supplemental agreement entered into between the Company and TBEA on 23 September 2020 amending the maximum amounts of coal procurement fee (including transportation cost) payable to TBEA Group for the year ending 31 December 2020
“TBEA”	TBEA Co., Ltd. (特變電工股份有限公司), a joint stock company incorporated in the PRC on 26 February 1993 and listed on the Shanghai Stock Exchange (stock code: 600089)
“TBEA Group”	TBEA and its associates (excluding the Group)
“Xinjiang Tianchi”	Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司), a company with limited liability incorporated in the PRC on 29 November 2002 and a subsidiary of TBEA
“%”	per cent.

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LETTER FROM THE BOARD

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**新特能源**

**XINTE ENERGY CO., LTD.**

**新特能源股份有限公司**

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

**(Stock code: 1799)**

*Executive Directors:*

Mr. Zhang Jianxin (*Chairman*)

Mr. Yin Bo

Mr. Xia Jinjing

*Non-executive Directors:*

Mr. Zhang Xin

Ms. Guo Junxiang

Mr. Qin Xiaodong

*Independent Non-executive Directors:*

Mr. Qin Haiyan

Mr. Yang Deren

Mr. Wong, Yui Keung Marcellus

*Registered office:*

No. 2249, Zhongxin Street

Ganquanpu Economic and  
Technological Development Zone  
(Industrial Park)

Urumqi, Xinjiang, the PRC

*Headquarters and*

*principal place of business in the PRC:*

No. 2249, Zhongxin Street

Ganquanpu Economic and  
Technological Development Zone  
(Industrial Park)

Urumqi, Xinjiang, the PRC

*Principal place of business in Hong Kong:*

40th Floor, Sunlight Tower

No. 248 Queen's Road East  
Wanchai, Hong Kong

8 October 2020

To the Shareholders

Dear Sir or Madam,

**REVISED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 23 September 2020 in relation to, amongst others, the revision of the annual cap under the Coal Procurement Framework Agreement for the year ending 31 December 2020 and the Supplemental Coal Procurement Framework Agreement.

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## LETTER FROM THE BOARD

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The Directors originally estimated that, the amount of coal procurement to be paid by the Group to TBEA Group for the year ending 31 December 2020 will be no more than RMB300 million. It is anticipated that the existing annual cap for the procurement of coal from TBEA Group by the Group contemplated under the Coal Procurement Framework Agreement will not be sufficient to meet the expected transactions amount for the remaining of the year ending 31 December 2020. The Board has decided to revise the corresponding annual cap and entered into the Supplemental Coal Procurement Framework Agreement. Except for the annual cap, all other terms of the Coal Procurement Framework Agreement remain unchanged.

The purpose of this circular is to provide you with the following information to enable you to make informed decision on whether to vote for or against the resolution to be proposed at the EGM:

- (i) further information of the Supplemental Coal Procurement Framework Agreement, the Revised Annual Caps and other information prescribed by the Listing Rules;
- (ii) the letter from Sorrento Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Coal Procurement Framework Agreement and the Revised Annual Cap;
- (iii) the recommendation of the Independent Board Committee to the Independent Shareholders; and
- (iv) the notice convening the EGM for considering and, if thought fit, approving the Supplemental Coal Procurement Framework Agreement and the Revised Annual Cap.

### **A. REVISED ANNUAL CAPS FOR CONTINUING CONNECTION TRANSACTION**

#### **1. Background**

The Coal Procurement Framework Agreement made between the Company (for itself and on behalf of its subsidiaries) and TBEA (for itself and on behalf of its subsidiaries) has been renewed for a term of three years from 1 January 2018 to 31 December 2020. Pursuant to the Coal Procurement Framework Agreement, TBEA Group supplies coal to the Group for polysilicon production. The existing annual cap for the Continuing Connected Transactions contemplated under the Coal Procurement Framework Agreement is RMB300 million for the year ending 31 December 2020. Further details of the transactions were disclosed in section 3.3 of the circular of the Company dated 27 March 2018.



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## LETTER FROM THE BOARD

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### **2. Revision of the Existing Annual Cap under the Coal Procurement Framework Agreement**

In 2020, due to the increased price and demand of coal required for the Group's polysilicon production and based on the actual transaction amount incurred for the eight months ended 31 August 2020, it is anticipated that the existing annual cap for the year ending 31 December 2020 for the procurement of coal from TBEA Group by the Group contemplated under the Coal Procurement Framework Agreement will not be sufficient to meet the expected transaction amount for the remaining of the year ending 31 December 2020. The Board has decided to revise the corresponding annual cap and entered into the Supplemental Coal Procurement Framework Agreement. Except for the annual cap, all other terms of the Coal Procurement Framework Agreement remain unchanged.

The Group has been purchasing coal from Xinjiang Tianchi for its self-owned power plant for polysilicon production. In 2020, due to the impact of the operation of Xinjiang  $\pm 1100\text{kV}$  UHV transmission line, and enhancement in management of coal mining, transportation safety and environmental protection, coal and transportation services were in short supply, and the prices of coal and the respective transportation services increased. In 2020, the prices of coal and corresponding transportation services has increased by 11% and 7% respectively as compared with 2019.

At the same time, the 36,000-ton Polysilicon Project has released capacity in 2020, and the production of polysilicon has increased significantly which contributed to the Group's significant increase in demand for electricity. Furthermore, one of the two power generation units of the Group at its self-owned power plant underwent a one-month maintenance during the first half of 2020, it is expected that both units in the self-owned power plant will operate normally in the second half of 2020. Therefore, the average monthly demand for coal will increase compared with the first half of the year.

Based on the above factors, the Company believes that it is necessary to increase the amount of coal purchases for the year ending 31 December 2020 under the Coal Procurement Framework Agreement and intends to increase the transaction amount of such coal procurements (including transportation costs) to RMB400 million, the annual cap under the Supplemental Coal Procurement Framework Agreement was determined with reference to (i) the actual transaction amount from January to August 2020 under the Coal Procurement Framework Agreement; and (ii) the expected demand of the Group for coal to be procured from the TBEA Group from September to December 2020. The revision of the annual cap under the Coal Procurement Framework Agreement is subject to obtaining the approval from the Independent Shareholders.

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## LETTER FROM THE BOARD

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The existing annual caps and the Revised Annual Caps under the Framework Agreements for the year ending 31 December 2020 are as follows:

	<b>For the year ending 31 December 2020</b>	
	<b>Existing annual caps (RMB'000)</b>	<b>Revised Annual Caps (RMB'000)</b>
Product Procurement Framework Agreement	350,000	350,000
Coal Procurement Framework Agreement	<b>300,000</b>	<b>400,000*</b>
Miscellaneous Services Framework Agreement	250,000	250,000
Products Sales Framework Agreement	100,000	100,000
<b>Total annual caps</b>	<b><u>1,000,000</u></b>	<b><u>1,100,000</u></b>

\* As supplemented by the Supplemental Coal Procurement Framework Agreement.

For the avoidance of doubt, save for the revision of the existing annual cap under the Coal Procurement Framework Agreement for the year ending 31 December 2020, other terms of the Framework Agreements, including but not limited to the annual caps under such agreements, remain unchanged.

### **Pricing Policies of the Coal Procurement Framework Agreement**

As government-prescribed or guidance price for coal is not available, to ensure that the coal procurement terms and prices provided by TBEA Group are fair and reasonable and in line with market practices, the Group has and will continue to adopt the following measures and principles to determine the coal procurement prices:

- The Group will invite at least three coal suppliers to provide quotes for the same quality of coal (with similar conditions including but not limited delivery terms and quantity), among which two of them shall be independent third parties. The final coal supplier will be determined after considering multiple factors, including whether the coal supplied comply with the coal quality requirements of the furnace used in the Group's self-owned power plant, price, distance from the supplier, transportation costs, supplier's scale, supplier's management and whether the supplier can provide sufficient and stable supplies.

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## LETTER FROM THE BOARD

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- The Group will collect sale price information from different coal suppliers located in the same or neighbouring regions whom are able to provide coal which meets the requirements of the Group's standards.
- Through conducting fair negotiations with coal suppliers (including independent third-parties), the Group can determine a reasonable price for the procurement of coal.

### Historical Transaction Amounts under the Framework Agreements

The Group's historical transaction amounts under the Framework Agreements are as follows:

	For the year ended		For the eight
	31 December		months ended
	2018	2019	31 August
	(RMB'000)	(RMB'000)	2020
			(RMB'000)
Product procurement fee paid by the Group to TBEA Group	511,755	216,928	169,306
Coal procurement fee paid by the Group to TBEA Group (including transportation cost)	148,169	266,443	258,641
Miscellaneous services fee paid by the Group to TBEA Group	230,286	40,783	177,551
Product sales amount collected by the Group from TBEA Group	20,399	23,645	37,369
<b>Total transaction amount</b>	<b>910,609</b>	<b>547,799</b>	<b>642,867</b>

### BOARD CONFIRMATION

Each of Mr. Zhang Xin and Ms. Guo Junxiang holds positions at and/or interests in TBEA, and they are deemed to have material interest and have abstained from voting at the Board meeting on the resolution approving the Revised Annual Caps. Save for the above, none of the Directors have any material interests in the Framework Agreements and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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The Directors (including the independent non-executive Directors whose view is based on the advice from the Independent Financial Adviser) are of the view that the Framework Agreements and the respective transactions contemplated thereunder are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Framework Agreements and the Revised Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, TBEA is interested in approximately 65.43% of the total issued share capital of the Company, and is thus a Controlling Shareholder and a Connected Person of the Company. Hence, the transactions conducted by the Group with TBEA Group under the Framework Agreements constitute Continuing Connected Transactions of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules applicable to the Continuing Connected Transactions under the Coal Procurement Framework Agreement before its cap is exceeded. As the Framework Agreements are entered into between the same parties, according to Rule 14A.81 of the Listing Rules, the transactions contemplated under them are required to be aggregated and treated as if they were one transaction. After aggregation, since the highest applicable percentage ratios in respect of the Revised Annual Caps exceeds 5%, therefore the transactions contemplated under the Framework Agreements (based on the Revised Annual Caps) are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### INTERNAL CONTROL

To ensure the Company's conformity with the above pricing policy, the Company has adopted a series of internal control measures for its daily operations. Such measures will be conducted and supervised by various units of the Company:

- the Company has adopted a transaction management system on Connected Transactions. Business departments of the Company are required to conduct updates of separate agreements for the Continuing Connected Transactions, and regularly report the execution status of each Connected Transactions to the secretary of the Board. The secretary of the Board will then inform the Board of any important information thereof;

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## LETTER FROM THE BOARD

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- the Audit Committee is responsible for the data collection and monitoring of Connected Transactions, and for conducting evaluation on the fairness of the transaction terms and the pricing terms. It will discuss with our subsidiaries and business departments to determine the annual caps and execution status of the Connected Transactions. It will also report to the Board and the board of supervisors on the Group's Connected Transactions on quarterly basis. If it is anticipated that there is a need to revise the annual caps, the Company will comply with the relevant requirements under Listing Rules to issue an announcement, report to the Independent Board Committee and/or seek for Independent Shareholders' approval after the Board's review and approval (as the case may be);
- the Company has strengthened training in relation to the review and decision-making processes and information disclosure requirements of Connected Transactions, further promoting awareness among the relevant business departments in the corresponding compliance requirements;
- the independent non-executive Directors have reviewed and will continue to review the non-exempt Continuing Connected Transactions to ensure such agreements are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements. The auditors of the Company will also conduct an annual review on the transaction amount and annual caps of such non-exempt Continuing Connected Transactions;
- all individual connected transactions agreement shall obtain approval from the headquarters of the Company before being entered into. Also, members of the senior management of the Company will collectively monitor the actual transaction amount of the Group's Continuing Connected Transactions;
- the Company will impose control on the actual transaction amount of Continuing Connected Transactions, and focus on controlling the individual amount of each type of Continuing Connected Transactions; and
- the secretary of the Board will collect information on Continuing Connected Transactions at the beginning of each month, and cross-check the consolidated amount of Continuing Connected Transactions in the previous month with the financial staff of the relevant Connected Person.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE PARTIES

The Group is a global leader in the manufacturing of polysilicon as well as in the development and operation of wind power and photovoltaic resources. Its main businesses include the production of polysilicon and the provision of engineering and construction contracting and operating services for photovoltaic and wind power projects. The Group is also engaged in the manufacturing of supporting equipment (mainly inverters, flexible direct current transmission converter and static VAR generators), which are used for the engineering and construction contracting business of the Group or sold to independent third parties.

TBEA is a joint stock company incorporated in the PRC on 26 February 1993. As of the Latest Practicable Date, its registered capital is RMB3,714,312,789. TBEA Group is mainly engaged in: (i) production and sales of transformers, inductors, wires, cables and other electrical and machinery equipment; and (ii) construction and contracting of domestic and international power transmission projects, hydro and geothermal power projects.

Xinjiang Tianchi is a company with limited liability incorporated in the PRC on 29 November 2002, and it is a subsidiary of TBEA. As of the Latest Practicable Date, its registered capital is RMB1,670,460,000. The main business of Xinjiang Tianchi is the mining and sales of coal. As of the Latest Practicable Date, TBEA holds 85.78% of Xinjiang Tianchi's equity interest.

### **B. INDEPENDENT BOARD COMMITTEE AND OF INDEPENDENT FINANCIAL ADVISER**

Pursuant to the Listing Rules, the Independent Board Committee (comprising all independent non-executive Directors) has been formed to advise the Independent Shareholders on the Supplemental Coal Procurement Framework Agreement and the Revised Annual Caps. The members of the Independent Board Committee are Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong, Yui Keung Marcellus. Sorrento Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Supplemental Coal Procurement Framework Agreement and the Revised Annual Cap are in the interests of the Company and the Shareholders as a whole and make recommendation(s) on voting.

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## LETTER FROM THE BOARD

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### C. EGM

The EGM will be held at the Conference Room, 21st Floor of TBEA Co., Ltd. at No. 189, South Beijing Road, Changji, Xinjiang, the PRC on Friday, 23 October 2020 at 11:00 a.m., to consider and, if thought fit, to approve the Supplemental Coal Procurement Framework Agreement and the Revised Annual Cap. The notice of the EGM and a form of proxy for use at the EGM is enclosed with this circular.

Any shareholder and his or her or its associates with a material interest in the resolution will abstain from voting on the resolution on the entering into of the Supplemental Coal Procurement Framework Agreement at the EGM. As at the Latest Practicable Date, TBEA holds approximately 65.43% in aggregate of the total issued share capital of the Company, including 783,921,287 Domestic Shares and 1,223,200 H Shares held through TBEA (Hong Kong) Co., Ltd., and is the Controlling Shareholder and a Connected Person of the Company. As such, TBEA Group shall abstain from voting at the EGM.

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquires, no other Shareholders are required to abstain from voting at the EGM.

In order to determine the holders of Shares who are eligible to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 20 October 2020 to Friday, 23 October 2020, both days inclusive, during which no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company after the close of business on Monday, 19 October 2020 shall be entitled to attend and vote at the EGM. In order for the Shareholders to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Board secretary office (in case of holders of Domestic Shares), at No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC, or the Company's H share registrar (in case of holders of H Shares), Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 19 October 2020 for registration.

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the accompanying form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to Computershare Hong Kong Investor Services Limited and for holders of Domestic Shares, the form of proxy should be returned to the Company's Board secretary office in person or by post not less than 24 hours before the time fixed for holding the EGM (i.e. no later than 11 a.m. on Thursday, 22 October 2020) or any adjourned meeting thereof.

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## LETTER FROM THE BOARD

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### **D. VOTING BY POLL AT EGM**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of shareholders of a listed issuer at the issuer's general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the EGM will therefore demand a poll for the resolution put to the vote at the EGM pursuant to the Articles of Association.

On a poll, every Shareholder present in person or by proxy to attend the EGM (or being a corporation by its duly authorized representative) shall have one vote for each Share registered in his/her/its name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/its uses in the same manner.

### **E. RECOMMENDATIONS**

Your attention is drawn to the letter from the Independent Board Committee set out on page 15 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 16 to 24 of this circular, considers that the Supplemental Coal Procurement Framework Agreement and the transactions contemplated thereunder (based on the Revised Annual Cap) are in the interests of the Company and its Shareholders as a whole and are fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Supplemental Coal Procurement Framework Agreement and the Revised Annual Cap.

### **F. ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information set out in the appendix to this circular.

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



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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**新特能源**

**XINTE ENERGY CO., LTD.**

**新特能源股份有限公司**

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

**(Stock code: 1799)**

8 October 2020

*To the Independent Shareholders*

Dear Sir or Madam,

**REVISED ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTION**

We refer to the circular issued by the Company to the Shareholders dated 8 October 2020 (the “**Circular**”) to which this letter forms a part of. Terms defined in the Circular shall have the same meanings as those used in this letter unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to consider the Supplemental Coal Procurement Framework Agreement and the Revised Annual Caps and to advise the Independent Shareholders in respect of the Supplemental Coal Procurement Framework Agreement and the Revised Annual Cap. Sorrento Capital Limited has been appointed as the Independent Financial Adviser in this regard.

We wish to draw your attention to the “Letter from the Board” and the “Letter from the Independent Financial Adviser” as set out in the Circular. Having considered the principal factors and reasons, and the advice of the Independent Financial Adviser as set out in their letter of advice, we are of the opinion that (i) entering into the Supplemental Coal Procurement Framework Agreement and the transactions contemplated thereunder is in the ordinary and usual course of business of the Group; (ii) its terms are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Supplemental Coal Procurement Framework Agreement and the Revised Annual Cap is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders to vote in favour of the ordinary resolution approving the Supplemental Coal Procurement Framework Agreement and the Revised Annual Cap at the EGM.

Yours faithfully,

**Independent Board Committee**

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

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders prepared in respect of the Supplemental Coal Procurement Framework Agreement and the proposed Revised Annual Cap (as defined below) for the purpose of inclusion in this circular.*



11/F,  
The Wellington,  
198 Wellington Street,  
Central,  
Hong Kong

8 October 2020

*The Independent Board Committee and the Independent Shareholders of Xinte Energy Co., Ltd.*

Dear Sirs,

### REVISED ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTION

#### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the independent board committee of the Company (the “**Independent Board Committee**”) and the independent shareholders of the Company (the “**Independent Shareholders**”) in respect of the Supplemental Coal Procurement Framework Agreement together with the proposed revised annual cap (the “**Revised Annual Cap**”), details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular of the Company dated 8 October 2020 issued to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

As set out in the Letter from the Board, the existing annual cap for year ending 31 December 2020 for the procurement of coal transaction with TBEA (the “**Existing Annual Cap**”) will not be sufficient to meet the expected transaction amount for the remaining of the year ending 31 December 2020. The Board has decided to revise the corresponding annual cap and entered into the Supplemental Coal Procurement Framework Agreement on 23 September 2020 (the “**Annual Cap Revision**”). Except for the Revised Annual Cap, all the other terms of the Coal Procurement Framework Agreement remain unchanged.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, TBEA is interested in approximately 65.43% of the total issued share capital of the Company and thus is a controlling Shareholder of the Company. Accordingly, TBEA is a connected person of the Company as defined under chapter 14A of the Listing Rules. Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules applicable to the Continuing Connected Transactions under the Coal Procurement Framework Agreement before its cap is exceeded. As the Framework Agreements are entered into between the same parties, according to Rule 14A.81 of the Listing Rules, the transactions contemplated under them are required to be aggregated treated as if one transaction. After aggregation, since the highest applicable percentage ratios in respect of the Revised Annual Cap exceeds 5%, therefore the transactions contemplated under the Framework Agreements (based on the Revised Annual Cap) are subject to the reporting, announcement, circular, and Independent Shareholders' approval requirements as pursuant to rule 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong, Yui Keung Marcellus (all being the independent non-executive Directors), has been established to advise the Independent Shareholders as to (i) whether the terms of the Supplemental Coal Procurement Framework Agreement has been determined on a fair and reasonable basis and entered into on normal commercial term and in the ordinary and usual course of business of the Company and in the interest of the Company and Shareholders as a whole; and (ii) how the Independent Shareholders should vote in favour of the relevant resolutions to approve the Supplemental Coal Procurement Framework Agreement together with the Revised Annual Cap. We, Sorrento Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### OUR INDEPENDENCE

We are independent pursuant to Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Coal Procurement Framework Agreement and the Revised Annual Cap. As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. Within the two years prior to the Latest Practicable Date, we have acted as independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to a continuing connected transaction of the Company, details of which are set out in the circular of the Company dated 15 October 2019. Apart from normal professional fees paid to us in connection with the aforesaid appointment, no arrangements exist whereby we have received any fees or benefits from the Company or any other party to the transactions during the two years prior to the Latest Practicable Date, therefore we consider such relationship would not affect our independence.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied considered, among other things, (i) the Supplemental Coal Procurement Framework Agreement; (ii) the Coal Procurement Framework Agreement; (iii) the annual reports of the Company for each of the two years the year ended 31 December 2019; (iv) the interim report of the Company for the six months ended 30 June 2020; (v) other information as set out in the Circular; and (vi) relevant market data and information available from public sources.

We have also relied on all relevant information and representations supplied, and the opinions expressed, by the Directors and/or the management of the Company. We have assumed that all such information and representations contained or referred to in the Circular are true and accurate in all material respects as at the date thereof. The Directors and the management of the Company have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company, and they have confirmed that no material information have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and/or the management of the Company and TBEA, nor have we conducted an independent investigation into the business, affairs, operations, financial position or future prospects of each of the Group, TBEA and any of their respective subsidiaries and associates.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken the following principal factors and reasons into consideration:

#### 1. Background information of the parties

##### *Information of the Group*

The Group is a global leader in the manufacturing of polysilicon as well as in the development and operation of wind power and photovoltaic resources. Its main businesses include the production of polysilicon and the provision of engineering and construction contracting and operating services for photovoltaic and wind power projects. The Group is also engaged in the manufacturing of supporting equipment (mainly inverters, flexible direct current transmission converter and static VAR generators), which are used for the engineering and construction contracting business of the Group or sold to independent third parties.

##### *Information of TBEA*

TBEA is a joint stock company incorporated in the PRC on 26 February 1993. As at the Latest Practicable Date, its registered capital is RMB3,714,312,789. TBEA and its close associates (excluding the Group) is mainly engaged in: (i) production and sales of transformers, inductors, wires, cables and other electrical and machinery equipment; and (ii) construction and contracting of domestic and international power transmission projects, hydro and geothermal power projects.

##### *Information of Xinjiang Tianchi*

Xinjiang Tianchi is a company with limited liability incorporated in the PRC on 29 November 2002, and it is a subsidiary of TBEA. As at the Latest Practicable Date, its registered capital is RMB1,670,460,000. The main business of Xinjiang Tianchi is the mining and sales of coal. As at the Latest Practicable Date, TBEA holds 85.78% of Xinjiang Tianchi's equity interest.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Reasons for the Annual Cap Revision

#### *Background of and reasons for entering into the Supplemental Coal Procurement Framework Agreement*

Pursuant to the Coal Procurement Framework Agreement, the Existing Annual Cap is RMB300 million. As advised by the management of the Company, it is estimated that the transaction amount with respect to the transactions contemplated under the Coal Procurement Framework Agreement for the year ending 31 December 2020 will be higher than that estimated at the time of determining the Existing Annual Cap due to the increased price and demand of coal required for the Group's polysilicon production.

As stated in the Letter from the Board, the Group has been purchasing coal from Xinjiang Tianchi for power generation of its self-owned power plant for polysilicon production. If there is any delay of the coal supply, the operation of the Group may be affected.

As further advised by the management of the Company, the Group has maintained a long-term relationship with TBEA and/or its subsidiaries of more than 13 years and did not have any material disputes or complaints against TBEA and/or its subsidiaries in relation to the quality of products supplied by TBEA and/or its subsidiaries. The entering into of the Supplemental Coal Procurement Framework Agreement is in substance an extension of the established business relationship between the Company and TBEA under the Coal Procurement Framework Agreement. To ensure the quality and reliability of the Group's products, the Group have continued to procure goods from the TBEA and/or its subsidiaries through leveraging on its extensive resources under the Supplemental Coal Procurement Framework Agreement and there is no restriction for the Group to engage other coal suppliers under the Supplemental Coal Procurement Framework Agreement given that the power generation units of the Group requires specific quality of the coal and there are limited coal suppliers in Xinjiang. If the Group further limits the selection of coal suppliers, the Group may need to bear higher purchase price or delay on the operation.

Taking into account that (i) the Group has maintained relationship with TBEA and/or its subsidiaries of more than 13 years; (ii) the Supplemental Coal Procurement Framework Agreement allows the Group to maintain a stable business relationship with TBEA and/or its subsidiaries; (iii) Supplemental Coal Procurement Framework Agreement doesn't restrict the Group to have limited selection of coal suppliers; and (iv) the other terms of the Supplemental Coal Procurement Framework Agreement remain the same as the Coal Procurement Framework Agreement, we concur with the Directors' view that the entering into of the Supplemental Coal Procurement Framework Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Principal terms of the Supplemental Coal Procurement Framework Agreement*

The Supplemental Coal Procurement Framework Agreement, dated 23 September 2020, was entered into between TBEA and the Company, pursuant to which the annual cap amount in respect of the procurement of coals from TBEA and/or its associates by the Group under the Coal Procurement Framework Agreement for the year ending 31 December 2020 shall be revised from the Existing Annual Cap of RMB300 million to the Revised Annual Cap of RMB400 million.

The Supplemental Coal Procurement Framework Agreement is conditional upon, among other things, the approval from the Independent Shareholders at the EGM. Further details of the Supplemental Coal Procurement Framework Agreement are set out in the Letter from the Board.

### *Revised Annual Cap*

Pursuant to the Supplemental Coal Procurement Framework Agreement, the Existing Annual Cap of RMB300 million will be revised to the Revised Annual Cap of RMB400 million, representing an increase of approximately 33.3%. As stated in the Letter from the Board, the Revised Annual Cap is determined with reference to (i) the historical transaction amount from January to August 2020; and (ii) the expected amount of the Group for coal to be procured from the TBEA and/or its subsidiaries from September to December 2020.

As stated in the Letter from the Board, the price of coal and the respective transportation services increased by approximately 11% and 7% respectively from 2019 to 2020. As advised by the management of the Company, they have discussed the price of the coal with the representative of Xinjiang Tianchi, who advised that the need of coal from some of their customers increased after the operation of Xinjiang  $\pm 1100$ kV UHV transmission line in 2020 as some of their customers also supply power to Xinjiang  $\pm 1100$ kV UHV transmission line. Furthermore, the increased price of coal and the respective transportation are also affected by the enhancement in management of coal mining, transportation safety and environmental protection. According to 全國安全生產專項整治三年行動計劃\* (“**Three years action plan for national safety production special rectification**”) (the “**Plan**”), the PRC government requires coal mining companies to implement a series of measure to enhance the safety and environmental protection. We have obtained and reviewed the invoices for the transactions between the Group and the independent third party and noted that the price of coal increased not less than approximately 10% from 2019 to 2020. As further discussed with the management of the Company, the current price of the coal remain relatively stable and the Group expects that there will not be any material fluctuation on the price of coal for the remaining of the year ending 31 December 2020 after their discussion with the representative of Xinjiang Tianchi.

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We have further discussed with the management of the Company and understood that the coal is mainly used for two power generation units of the Group. We have reviewed the Group's maintenance record and noted that one of the power generation unit was under maintenance from the end of April to the end of May 2020, therefore, such power generation unit did not operate for around one month during January to August/the first half of 2020 and there is no maintenance plan for the remaining period. By considering (i) the actual transaction amount of approximately RMB258.6 million recorded for the eight months ended 31 August 2020 has already utilised approximately 83.9% of the Existing Annual Cap; (ii) expected stable price of coal for the remainder of the year ending 31 December 2020 after the Plan; and (iii) the maintenance period of around one month during the first half of 2020, the annualised transaction amount for the year ending 31 December 2020 is expected to be approximately RMB396.5 million.

Having taken into consideration of the (i) the historical transaction amount of approximately RMB258.6 million for the total coal purchased of the Group for the eight months ended 31 August 2020; (ii) the expected stable price of coal after the discussion between the Group and Xinjiang Tianchi; and (iii) the stable supply of the coal with good quality from TBEA and/or its subsidiaries; and (iv) the calculation of the annualised transaction amount, we are of the view that the proposed revised annual cap under the Supplemental Coal Procurement Framework Agreement is determined based on reasonable estimation and after due and careful consideration and is fair and reasonable so far as the Independent Shareholders are concerned.

### **3. Internal control measures within the Group**

As disclosed in the Letter from the Board, to ensure the Company's conformity with the pricing policy, the Company has adopted a series of internal controls for its daily operations. Such measures will be conducted and supervised by various units of the Company:

- the Company has adopted a transaction management system on Connected Transactions. Business departments of the Company are required to conduct updates of separate agreements for the Continuing Connected Transactions, and report on a regular basis to the secretary of the Board in respect of the execution status of such Connected Transactions. The secretary of the Board will then inform the Board of any important information thereof;
- the Audit Committee is responsible for the data collection and monitoring of Connected Transactions, and for conducting evaluation on the fairness of the transaction terms and the pricing terms. It will discuss with the Company's subsidiaries and business departments to determine the annual cap and execution of the Company's Connected Transactions. It will also report to the Board and the board of Supervisors on the Group's Connected Transactions on quarterly basis. If it is anticipated that there is a



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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need to revise the annual cap, the Company will comply with the relevant requirements under Listing Rules to issue an announcement, report to the independent board committee and/or seek for independent Shareholders' approval after the Board's review and approval (as the case may be);

- the Company has strengthened training in relation to the review and decision-making processes and information disclosure requirements of Connected Transactions, further promoting awareness among the relevant business departments in the corresponding compliance requirements;
- the independent non-executive Directors have reviewed and will continue to review the non-exempt Continuing Connected Transactions to ensure such agreements are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements. The auditors of the Company will also conduct an annual review on the transaction amount and annual cap of such non-exempt Continuing Connected Transactions;
- all individual connected transactions agreement shall obtain approval from the headquarters of the Company before being entered into. Also, members of the senior management of the Company will collectively monitor the actual transaction amount of the Group's Continuing Connected Transactions;
- the Company will impose control on the actual transaction amount of Continuing Connected Transactions, and focus on controlling the individual amount of each type of Continuing Connected Transactions; and
- the secretary of the Board will collect information on Continuing Connected Transactions at the beginning of each month, and check the consolidated amount of Continuing Connected Transactions in the previous month with the financial staff of the relevant connected person.

Pursuant to the Coal Procurement Framework Agreement and the Supplemental Coal Procurement Framework Agreement, if an independent third party provides similar services with more favourable terms, conditions or prices than those provided by TBEA, then the Company's procurement department will on the basis of the Company's internal guidelines opt for the services and products provided by the independent third party. Thus, the actual transaction volume of the procurement transactions may be lower than the proposed revised annual cap.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Taking into account (i) the above internal control measures, in particular, the ongoing monitoring and internal evaluation on the pricing terms under both the Coal Procurement Framework Agreement and the Supplemental Coal Procurement Framework Agreement to ensure that the prices set will be no less favourable to the Company than those offered by independent third parties; (ii) the respective annual review by the independent non-executive Directors regarding the compliance of the terms under the Supplemental Coal Procurement Framework Agreement; and (iii) the respective annual review by the auditors of the Company regarding the transaction amount and annual cap of the terms under the Supplemental Coal Procurement Framework Agreement; (iv) the on-going review by the Company confirming the Revised Annual Cap not being exceeded, we are of the view that appropriate and adequate measures will be in place to ensure compliance with the terms of the Supplemental Coal Procurement Framework Agreement in order to safeguard the interest of the Independent Shareholders.

### RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that (i) the Supplemental Coal Procurement Framework Agreement are entered in the ordinary and usual course of business of the Company; and (ii) the term of Supplemental Coal Procurement Framework Agreement and the Revised Annual Cap are on normal commercial terms, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions in this regard.

Yours faithfully,  
For and on behalf of  
**Sorrento Capital Limited**  
**Stanley Chung**  
*Managing Director*

*Note: Mr. Stanley Chung has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2006. Mr. Chung has participated in and completed various advisory transactions.*

*The English translation of the Chinese name(s) in this letter, where indicated with \* is included for information purpose only and should not be regarded as the official English name(s) of such Chinese names.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility for the information contained herein, includes particulars given in compliance with the Listing Rules for the purpose of giving information relating to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, as far as the Company is aware, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying shares or debentures of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules were as follows:

Name	Nature of Interest	The Company/ relevant corporation (including associated corporation)	Number/type of shares of the Company/relevant corporation (including associated corporation)	Approximate percentage of shareholdings in the total share capital	Approximate percentage of shareholdings in the relevant class of shares of the Company <sup>(2)</sup>	Long position/ short position
				of the Company/ relevant corporation (including associated corporation) <sup>(1)</sup>		
<b>Directors</b>						
Mr. Zhang Xin	Interest in a controlled corporation <sup>(3)</sup>	The Company	58,246,308 Domestic Shares	4.85%	6.57%	Long position
	Beneficial owner	TBEA <sup>(4)</sup>	406,403 shares	0.01%	N/A	Long position
	Interest in a controlled corporation <sup>(5)</sup>	TBEA <sup>(4)</sup>	446,982,637 shares	12.02%	N/A	Long position

Name	Nature of Interest	The Company/ relevant corporation (including associated corporation)	Number/type of shares of the Company/relevant corporation (including associated corporation)	Approximate percentage of shareholdings in the total share capital of the Company/ relevant corporation (including associated corporation) <sup>(1)</sup>	Approximate percentage of shareholdings in the relevant class of shares of the Company <sup>(2)</sup>	Long position/ short position
Mr. Xia Jinjing	Beneficial owner	TBEA <sup>(4)</sup>	69,376 shares	0.00%	N/A	Long position
Ms. Guo Junxiang	Beneficial owner	TBEA <sup>(4)</sup>	346,880 shares	0.01%	N/A	Long position
<b>Supervisors</b>						
Mr. Han Shu	Beneficial owner	TBEA <sup>(4)</sup>	1,058 shares	0.00%	N/A	Long position
Mr. Hu Shujun	Beneficial owner	TBEA <sup>(4)</sup>	69,376 shares	0.00%	N/A	Long position
Mr. Ma Junhua	Beneficial owner	TBEA <sup>(4)</sup>	111,000 shares	0.00%	N/A	Long position

- The calculation is based on the total number of 3,714,312,789 shares of TBEA and 1,200,000,000 Shares of the Company in issue as of the Latest Practicable Date.
- The calculation is based on the total number of 886,524,370 Domestic Shares of the Company in issue as of the Latest Practicable Date.
- Mr. Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian (Group) Co., Ltd. (“**Xinjiang Tebian**”), and as of the Latest Practicable Date, Xinjiang Tebian directly holds 4.85% equity interest of the Company.
- TBEA is the Company’s controlling shareholder and therefore is an “associated corporation” of the Company within the meaning of Part XV of the SFO. As of the Latest Practicable Date, TBEA held 783,921,287 Domestic Shares (approximately 88.43% of the relevant class of shares) and TBEA (HONGKONG) CO., LIMITED, a wholly-owned subsidiary of TBEA, held 1,223,200 H Shares (approximately 0.39% of the relevant class of shares), which accounted for approximately 65.43% of the total issued shares of the Company.
- Mr. Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian, which directly holds 446,982,637 shares of TBEA.

## 3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, and to the best knowledge of the Directors and the chief executive of the Company, the following persons (other than the Directors, Supervisors or chief executive of the Company) had interests or short positions in 5% or more in the Shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be recorded in the register of interests in shares and short positions required to be kept by the Company according to Section 336 of the SFO:

Name of Shareholder	Nature of interest	Class of Shares held	Number of Shares held	Approximate percentage of shareholdings in the relevant class of Shares of the Company <sup>(1)</sup>	Approximate percentage of shareholdings in the total share capital of the Company <sup>(1)</sup>	Long position/ short position
TBEA	Beneficial owner	Domestic Shares	783,921,287	88.43%	65.33%	Long position
Xinjiang Tebian	Beneficial owner	Domestic Shares	58,246,308	6.57%	4.85%	Long position
Mr. Chen Weilin <sup>(2)</sup>	Interest in a controlled corporation	Domestic Shares	58,246,308	6.57%	4.85%	Long position
L.R. Capital Asia Markets Limited <sup>(3)</sup>	Beneficial owner	H Shares	47,894,956	15.28%	3.99%	Long position
CM International Capital Limited	Beneficial owner	H Shares	43,859,649	13.99%	3.65%	Long position
Keystone Group Ltd. <sup>(4)</sup>	Beneficial owner	H Shares	26,420,400	8.43%	2.20%	Long position
Ms. Ouyang Xinxiang <sup>(4)</sup>	Interest in a controlled corporation	H Shares	26,420,400	8.43%	2.20%	Long position
LRC. Belt and Road Investment Limited <sup>(5)</sup>	Beneficial owner	H Shares	26,420,400	8.43%	2.20%	Long position
Strategic Global Investment Corporation Limited <sup>(5)</sup>	Interest in a controlled corporation	H Shares	26,420,400	8.43%	2.20%	Long position
Explorer Sparkle Limited <sup>(6)</sup>	Beneficial owner	H Shares	17,618,800	5.62%	1.47%	Long position
Abhaya Limited <sup>(6)</sup>	Interest in a controlled corporation	H Shares	17,618,800	5.62%	1.47%	Long position
Wickhams Cay Trust Company Limited <sup>(6)</sup>	Trustee	H Shares	17,618,800	5.62%	1.47%	Long position
Ms. Shi Jing <sup>(6)</sup>	Founder of a discretionary trust	H Shares	17,618,800	5.62%	1.47%	Long position
GF Securities Co., Ltd. <sup>(7)</sup>	Interest in a controlled corporation	H Shares	29,239,766	9.33%	2.44%	Long position
GF Holdings (Hong Kong) Corporation Limited <sup>(7)</sup>	Interest in a controlled corporation	H Shares	29,239,766	9.33%	2.44%	Long position

Name of Shareholder	Nature of interest	Class of Shares held	Number of Shares held	Approximate percentage of shareholdings in the relevant class of Shares of the Company <sup>(1)</sup>	Approximate percentage of shareholdings in the total share capital of the Company <sup>(1)</sup>	Long position/ short position
GF Investment (Hong Kong) Company Limited <sup>(7)</sup>	Interest in a controlled corporation	H Shares	29,239,766	9.33%	2.44%	Long position
GF Energy Investment Limited <sup>(7)</sup>	Beneficial owner	H Shares	29,239,766	9.33%	2.44%	Long position
Fubon Financial Holding Co., Ltd. <sup>(8)</sup>	Interest in a controlled corporation	H Shares	17,583,200	5.61%	1.47%	Long position
Fubon Life Insurance Co., Ltd. <sup>(8)</sup>	Beneficial owner	H Shares	17,583,200	5.61%	1.47%	Long position
Li Shu	Beneficial owner	H Shares	33,675,480	10.74%	2.81%	Long position

*Notes:*

- (1) The calculation is based on the total number of 1,200,000,000 Shares in issue as at the Latest Practicable Date in which 886,524,370 Shares are Domestic Shares and 313,475,630 Shares are H Shares.
- (2) Mr. Chen Weilin holds 33.61% of the equity interest of Xinjiang Tebian, which directly holds 4.85% interest of the Company. Accordingly, Mr. Chen Weilin is deemed to be interested in all Shares held by Xinjiang Tebian in the Company for the purpose of the SFO.
- (3) According to the Company's current information, as at the Latest Practicable Date, L.R. Capital Asia Markets Limited holds 47,894,956 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. in the Company 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 in the Company for the purpose of the SFO.
- (6) Explorer Sparkle Limited is 100% owned by Abhaya Limited. Abhaya Limited is 100% owned by Wickhams Cay Trust Company Limited, and Ms. Shi Jing is the founder of a discretionary trust of the trust and Wickhams Cay Trust Company Limited is the trustee. Therefore, Ms. Shi Jing, Wickhams Cay Trust Company Limited and Abhaya Limited are deemed or taken to be interested in all Shares held by Explorer Sparkle Limited in the Company for the purpose of the SFO.

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

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

#### 4. COMMON DIRECTORS

As at the Latest Practicable Date, the following Directors are directors of certain companies which had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (“**Relevant Companies**”):

<b>Name of Directors</b>	<b>Relevant Companies in which the Director is also a director</b>
Mr. Zhang Xin	Chairman and executive director of TBEA
Ms. Guo Junxiang	Executive director of TBEA

#### 5. INTEREST OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their close 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.

#### 6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any member of the Group which is not terminable within one year without payment of compensation (other than statutory compensation).

## 7. MATERIAL LITIGATION

As at the Latest Practicable Date, as far as is known to Directors, the Company was involved in two major legal proceedings, which was disclosed in the interim report of the Company for the six months ended 30 June 2020:

### **Litigation of the Intermediate Court of Beijing:**

In January 2017, TBEA Xinjiang New Energy Co., Ltd. (“**Xinjiang New Energy**”), a subsidiary of the Company, entered into a construction agreement (the “**Construction Agreement**”) with Xuyi High Drive Wind Power Co., Ltd.\* (盱眙高傳風力發電有限公司) (“**Xuyi High Drive**”), stipulating that Xinjiang New Energy shall undertake the general construction of the 99MW Integration Wind Power Project at Guanyin Temple Sanhe Farm Guantan Wind Power Plant of Xuyi High Drive (盱眙高傳觀音寺三河農場官灘風電場99MW 整裝風電工程) (the “**Project**”).

In May 2017, Xuyi High Drive entered into a finance lease agreement with Huaxia Financial Leasing Co., Ltd.\* (華夏金融租賃有限公司) (“**Huaxia Financial Leasing**”), and carried out financial leasing business for the Project, with a total lease principal of RMB600 million. Huaxia Financial Leasing also entered into a transfer agreement with Xuyi High Drive and Xinjiang New Energy, stipulating that Huaxia Financial Leasing will undertake the payment obligation for the procurement of the major equipment, components and materials for the Project and obtain the Project’s ownership after its completion; whilst other rights and obligations under the Construction Agreement shall continue to be fulfilled by Xuyi High Drive and Xinjiang New Energy in accordance with the Construction Agreement. If the equipment delivered by Xinjiang New Energy is seriously inconsistent with the Construction Agreement and Xuyi High Drive’s requirements, resulting in the failure of the finance lease agreement, and Huaxia Financial Leasing terminates the transfer agreement accordingly, Huaxia Financial Leasing is entitled to request Xinjiang New Energy to refund the principal and interest of the finance lease paid by it. In May 2020, Huaxia Financial Leasing filed a claim to the Second Intermediate People’s Court of Beijing Municipality (the “**Intermediate Court of Beijing**”) on the ground that the equipment delivered by Xinjiang New Energy was inconsistent with those stipulated in the Construction Agreement, and sought to recover the principal of the finance lease of RMB600 million together with the interest, litigation and preservation fees from Xinjiang New Energy. As at the Latest Practicable Date, the first instance of the litigation has been held but no judgment has been made.

### **Litigation of the Intermediate People’s Court of Huaian:**

According to the Construction Agreement, the project payment of RMB130,488,063.62 payable to Xinjiang New Energy by Xuyi High Drive has not been effected as at the date of filing the lawsuit with the Intermediate People’s Court of Huaian, Jiangsu (the “**Intermediate People’s**



**Court of Huaian**”). With Huaxia Financial Leasing having filed a claim to the Intermediate Court of Beijing, even though Xinjiang New Energy is of the opinion that the claim from Huaxia Financial Leasing lacks merit, if the Intermediate Court of Beijing ultimately decides that Xinjiang New Energy shall bear the legal responsibilities, Xuyi High Drive should compensate all the losses of Xinjiang New Energy.

In June 2020, Xinjiang New Energy filed a lawsuit against Xuyi High Drive and other independent third parties with the Intermediate People’s Court of Huaian, and sought the Intermediate People’s Court of Huaian’s confirmation that (i) the Construction Agreement shall be terminated; (ii) Xuyi High Drive shall effect the project payment of RMB130,488,063.62 and the relevant liquidated damages for late payment; (iii) Xuyi High Drive shall compensate the losses of Xinjiang New Energy as a result of its breach with a tentative amount of RMB600 million (subject to the decision of Intermediate Court of Beijing); (iv) other defendants shall be jointly and severally liable for claims (ii) and (iii); (v) Xinjiang New Energy has the priority of compensation in respect of proceeds from pledged assets and pledged power fare; and (vi) Xinjiang New Energy has the priority of compensation in respect of the Project’s project payment. As at as the Latest Practicable Date, the first instance of the litigation has been held but no judgment has been made.

Please refer to the announcements of the Company dated 20 May 2020 and 22 June 2020 for further details of the Project and the litigations mentioned above.

Save as disclosed, as at the Latest Practicable Date, the Group was not involved in any material litigation or arbitration and no material litigation or arbitration were pending or threatened or made against the Group so far as the Directors are aware.

\* *For identification purposes only*

## **8. MATERIAL ADVERSE CHANGE**

References are made to the announcements in relation to the profit warning dated 14 August 2020 and the results for the six months ended 30 June 2020 dated 28 August 2020 regarding the decrease in the unaudited consolidated profit attributable to the owners of the Company for the six months ended 30 June 2020 as compared to the corresponding period in 2019, which was mainly due to (i) the fall of the sales price of polysilicon; and (ii) the reduction of the Group’s engineering and construction contracting business scale which was affected by the outbreak of the COVID-19 epidemic. Save as disclosed above, as at the Latest Practicable Date, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Group were made up.

**9. DIRECTORS AND SUPERVISORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, save as disclosed herein:

- (a) none of the Directors or Supervisors was materially interested in any contract or arrangement, which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group; and
- (b) so far as the Directors are aware, none of the Directors or Supervisors nor their respective close associates had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**10. QUALIFICATION OF EXPERT AND CONSENT**

The following sets out the qualifications of the expert who has given its opinions or advise as contained in this circular:

<b>Name</b>	<b>Qualification</b>
Sorrento Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

- (a) As at the Latest Practicable Date, Sorrento Capital Limited does not have any beneficial interest in the share capital of any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (b) As at the Latest Practicable Date, Sorrento Capital Limited has given, and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and the reference to its name included herein in the form and context in which they respectively appear.

- (c) As at the Latest Practicable Date, Sorrento Capital Limited does not have any interest in any assets which have been since 31 December 2019 (being the date to which the latest published audited annual accounts of the Company were made up), acquired or disposed of by leased to any member of the Group, or are proposed to be acquired or disposed of by or lease to any member of the Group.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on any weekday (except for public holidays) at 13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Supplemental Coal Procurement Framework Agreement;
- (b) the Product Procurement Framework Agreement, Coal Procurement Framework Agreement, Miscellaneous Services Framework Agreement, and Product Sales Framework Agreement;
- (c) the consent referred to in the paragraph of "Qualification of Expert and Consent" of this Appendix;
- (d) the letter from the Independent Board Committee, full text of which is set out on page 15 of this circular;
- (e) the letter from Sorrento Capital Limited, full text of which is set out on pages 16 to 24 of this circular.

## 12. MISCELLANEOUS

- (a) The registered address of the Company and the principal place of business of the Company in the PRC is at No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang, the PRC.
- (b) The joint company secretaries of the Company are Ms. Zhang Juan and Ms. Ng Wing Shan. Ms. Ng Wing Shan is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited and a fellow member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

- (c) The principal place of business of the Company in Hong Kong is at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong.
- (d) The H share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The Chinese text of this circular shall prevail over the English text in the event of inconsistency.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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# 新特能源

**XINTE ENERGY CO., LTD.**

**新特能源股份有限公司**

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

**(Stock code: 1799)**

### NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2020

**NOTICE IS HEREBY GIVEN** that the first extraordinary general meeting of 2020 (the “**EGM**”) of Xinte Energy Co., Ltd. (the “**Company**”) will be held at the Conference Room, 21st Floor of TBEA Co., Ltd. at No. 189, South Beijing Road, Changji, Xinjiang, the People's Republic of China (the “**PRC**”) at 11 a.m. on Friday, 23 October 2020 to consider and, if thought fit, approve the resolution set out below as ordinary resolution.

### ORDINARY RESOLUTION

“**THAT:**

- (a) the supplemental agreement entered into between the Company and TBEA Co., Ltd. on 23 September 2020 (the “**Supplemental Coal Procurement Framework Agreement**”), a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder, be and are hereby confirmed and approved;
- (b) the revised annual cap under the Supplemental Coal Procurement Framework Agreement be and is hereby approved; and
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated therein and the completion of the Supplemental Coal Procurement Framework Agreement.”

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

Xinjiang, the PRC  
5 October 2020

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. **Important:** A circular setting out details of the resolution to be approved in this EGM and the form of proxy of the EGM will be dispatched and published by the Company in due course.
2. In order to determine shareholders of the Company (the “**Shareholders**”) who are eligible to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 20 October 2020 to Friday, 23 October 2020, both days inclusive, during which no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company after the close of business on Monday, 19 October 2020 shall be entitled to attend and vote at the EGM. In order for the Shareholders to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Board secretary office (in case of holders of domestic shares), at No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC, or the Company’s H share registrar (in case of holders of H shares), Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 19 October 2020 for registration.
3. Shareholders may, by completing the form of proxy of the Company, appoint one or more proxies (whether he/she is a Shareholder) to attend and vote at the EGM (or any adjournment thereof) on his/her behalf. The proxy needs not be a Shareholder of the Company.
4. Shareholders must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant Shareholder or by a person duly authorised by the relevant Shareholder in writing (“**power of attorney**”). If the form of proxy is signed by the person authorised by the relevant Shareholder as aforesaid, the relevant power of attorney and other relevant documents of authorization (if any) must be notarised. If a corporate Shareholder appoints a person other than its legal representative to attend the EGM (or any adjournment thereof) on its behalf, the relevant form of proxy must be affixed with the company seal of the corporate Shareholder or signed by its director or any other person duly authorised by that corporate Shareholder as required by the Articles.
5. To be valid, the form of proxy and the relevant notarised power of attorney (if any) and other relevant authority (if any) as mentioned in note 4 above must be delivered to the Company’s Board secretary office at No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC (for holders of domestic shares), or the Company’s H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H shares) no later than 24 hours before the time appointed for the EGM (or any adjournment thereof) (i.e. no later than 11 a.m. on Thursday, 22 October 2020).
6. A Shareholder or his/her proxy should produce proof of identity when attending the EGM (or any adjournment thereof). If a corporate Shareholder’s legal representative or any other person duly authorised by such corporate Shareholder attends the EGM (or any adjournment thereof), such legal representative or other person shall produce his/her proof of identity, and proof of designation as legal representative or the valid authorisation document (as the case may be).
7. The EGM (or any adjournment thereof) is expected to take less than half a day. Shareholders or their proxies who attend the EGM (or any adjournment thereof) shall be responsible for their own travel and accommodation expenses.
8. The contact information of the Board secretary office of the Company is as follows:  
  
Address: No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC  
Contact person: Ms. Zhang Juan  
Tel: +86-991-3665888

*As at the date of this notice, the Board consists of Mr. Zhang Jianxin, Mr. Yin Bo and Mr. Xia Jinjing as executive Directors; Mr. Zhang Xin, Ms. Guo Junxiang and Mr. Qin Xiaodong as non-executive Directors; and Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong, Yui Keung Marcellus as independent non-executive Directors.*