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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)

CONNECTED TRANSACTION TRANSFER OF EQUITY INTEREST IN THE TARGET COMPANIES

TRANSFER OF EQUITY INTEREST

The Board announces that, due to the land use defects of the Xintai Project and the Wuqi Project respectively held by Sunoasis and Shaanxi TBEA, being subsidiaries of the Company, in order to expedite the progress of the A Share Offering and Listing of the Company, on 6 January 2023, Sunoasis and Shaanxi TBEA respectively entered into the Mingrui Guangsheng Equity Interest Transfer Agreement and the Wuqi Huaguang Equity Interest Transfer Agreement with TBEA, the Controlling Shareholder of the Company, whereby Sunoasis agreed to transfer 100% equity interest in Mingrui Guangsheng to TBEA, and the transfer consideration agreed by both parties shall be RMB134,999,999, which was based on the appraised value of the total shareholders' equity of Mingrui Guangsheng of RMB158,200,000; Shaanxi TBEA agreed to transfer 100% equity interest in Wuqi Huaguang to TBEA, and the transfer consideration agreed by both parties shall be RMB1, which was based on the appraised value of the total shareholders' equity of Wuqi Huaguang of RMB-23,200,000. Upon completion of the Transfer of Equity Interest, the Target Companies will cease to be subsidiaries of the Company and will no longer be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, TBEA directly and indirectly holds approximately 64.52% of the total issued share capital of the Company and thus is a Controlling Shareholder and a Connected Person of the Company. Therefore, the Equity Interest Transfer Agreements and the transactions contemplated thereunder constitute Connected Transactions of the Company. As the Mingrui Guangsheng Equity Interest Transfer Agreement and the Wuqi Huaguang Equity Interest Transfer Agreement were entered into within a 12-month period and between the same parties, the transactions contemplated thereunder are required to be aggregated and treated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the Equity Interest Transfer Agreements, when aggregated, exceeds 0.1% but is less than 5%, the Equity Interest Transfer Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Equity Interest Transfer Agreements

References are made to the circular and the notices of the extraordinary general meeting, the H Shares Shareholders' class meeting and the Domestic Shares Shareholders' class meeting dated 19 April 2022 and the poll results announcement dated 5 May 2022 of the Company in relation to the A Share Offering and Listing of the Company.

The Board announces that, due to the land use defects of the Xintai Project and the Wuqi Project respectively held by Sunoasis and Shaanxi TBEA, being subsidiaries of the Company, in order to expedite the progress of the A Share Offering and Listing of the Company, Sunoasis and Shaanxi TBEA respectively entered into the Mingrui Guangsheng Equity Interest Transfer Agreement and the Wuqi Huaguang Equity Interest Transfer Agreement with TBEA, the Controlling Shareholder of the Company. The principal terms of the Equity Interest Transfer Agreements are summarised as follows:

| | Mingrui Guangsheng Equity Interest Transfer Agreement | Wuqi Huaguang Equity Interest Transfer Agreement |
|--|---|--|
| Parties | Sunoasis, as the transferor TBEA, as the transferee | Shaanxi TBEA, as the transferor TBEA, as the transferee |
| Date | 6 January 2023 | 6 January 2023 |
| Equity Interest in the Target Companies | 100% equity interest in Mingrui Guangsheng and all rights, obligations and responsibilities attached. | 100% equity interest in Wuqi Huaguang and all rights, obligations and responsibilities attached. |
| Shareholder's Loan | N/A | As of the date of this announcement, Wuqi Huaguang has the shareholders' loan payables of RMB16,138,811.68 and RMB18,647,450 to Sunoasis and Shaanxi TBEA, respectively. Upon completion of the Transfer of Equity Interest, TBEA shall provide the above amount to Wuqi Huaguang by way of capital increase or shareholder's loan, and Wuqi Huaguang shall repay Sunoasis and Shaanxi TBEA in full amount respectively. |

Consideration

The consideration, being RMB134,999,999, was determined after arm's length negotiations with reference to the appraised value, which shall be paid by TBEA in cash within five days after the signing of the Mingrui Guangsheng Equity Interest Transfer Agreement.

The value of the total shareholders' equity of Mingrui Guangsheng is RMB158,200,000 as set out in the Mingrui Guangsheng Valuation Report prepared by the Valuer based on the income approach with 30 June 2022 as the valuation base date. As the value of Mingrui Guangsheng was evaluated based on the income approach, it is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

The consideration, being RMB1, was determined after arm's length negotiations with reference to the appraised value, which shall be paid by TBEA in cash within five days after the signing of the Wuqi Huaguang Equity Interest Transfer Agreement.

The value of the total shareholders' equity of Wuqi Huaguang is RMB-23,200,000 as set out in the Wuqi Huaguang Valuation Report prepared by the Valuer based on the income approach with 30 June 2022 as the valuation base date. As the value of Wuqi Huaguang was evaluated based on the income approach, it is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

General Assumptions

Details of the principal assumptions underlying the profit forecast for Mingrui Guangsheng under Rule 14.62 of the Listing Rules are set out below:

1. Transaction assumption: It is assumed that all appraised assets are in the trading process, and the appraisal conducted by the Valuer is based on a simulated market which involved the transaction conditions of the appraised assets. Transaction assumption is one of the most fundamental prerequisite assumptions for the appraisal of assets.
2. Open market assumption: Open market refers to fully developed and complete market conditions. It is assumed that both parties to the assets transaction or the proposed assets transaction in the market are on equal footing and have access and time to obtain sufficient market information in order to make rational judgments on the assets, including their functions, purposes and transaction prices.

3. Continuous use assumption: It is assumed that the assets of the Target Companies in use will be continuously used in consistence with their current functions and methods after the transfer of property rights.
4. Continuing operation assumption: It is assumed that the production and operation of the Company will be continued under current conditions and will not undergo significant changes in the foreseeable future, regardless the impact of the economic behaviors involved in the appraisal purpose on business operation of enterprises.
5. External environment assumption: It is assumed that there are no significant changes in the relevant laws, regulations and policies in force in the PRC; there are no significant changes in the political, economic and social environment of the regions in which the parties to the transaction are located; and there are no significant changes in the relevant interest rates, exchange rates, taxation bases and rates, policy levies, etc.
6. It is assumed that the management of the Company has responsibly performed its obligations for the operation of the business and has competently implemented effective management of the relevant assets. The Target Companies have fully complied with all relevant laws and regulations in the course of their operations.
7. The impact of possible mortgages, guarantees, as well as the possible additional price to be paid for special transaction methods on the appraisal conclusion is not considered.
8. The ownership certificates, financial accounting information and other information provided by Target Companies and their shareholders are the basis of the appraisal, the appraisal is based on the assumption that such information provided by the client and the entities to be appraised is true, complete and lawful.
9. On the premise of the assumptions and in accordance with the purpose of this appraisal, it is determined that the valuation type of this appraisal is the market value. All pricing standards used in the appraisal are the effective pricing standards and valuation systems on the valuation base date (30 June 2022).
10. It is assumed that there are no other force majeure factors and unforeseeable factors that would have material adverse impact on the enterprises.

Special Assumptions

1. The existing shareholders, senior management and core team shall continue to serve in Target Companies and shall not hold positions in enterprises that directly compete with Target Companies' business; personal behaviors of Target Companies' management that impair Target Companies' operation shall not be considered in forecasting the future situation of the enterprises;
2. The shareholders do not harm the interests of the Target Companies, and the operation is carried out normally in accordance with the Articles of Association and the contract;
3. The changes in the cost level are in line with the historical development trend and there are no significant abnormal changes;
4. The contracts signed in previous years and the current year are valid and can be effectively executed;
5. The following assumptions are made in conducting forecast in this appraisal using the income approach:
 - 5.1 Target Companies are able to develop steadily during its duration, i.e. the future revenue generated from Target Companies' assets is a continuation of the existing scale and management standard of the Target Companies.
 - 5.2 It is assumed that the accounting policies to be adopted in the future will be substantially consistent with those adopted in the preparation of this report in all material respects.
 - 5.3 It is assumed that there will be no significant changes in the financial structure and capital scale in the future operating period.
 - 5.4 It is assumed that future earnings do not take into account the synergies that may arise from the implementation of this economic behavior.
 - 5.5 This appraisal assumes that the leases of operating sites and equipment can be renewed normally, and such operation sites and equipment can operate continually upon expiry of the leases.
 - 5.6 This appraisal assumes that the core team will continue to serve in Target Companies in future years.

- 5.7 This appraisal assumes that the relevant operating licenses can be renewed normally upon expiry.
- 5.8 The calculation of net cash flow is on an accounting year basis, assuming that the income and expenses of the Target Companies occur evenly during the accounting year.
- 5.9 In order to settle the debts as soon as possible, the Target Companies recognize the principles of debt repayment: on the premise of maintaining normal operations and cash flows, the Target Companies will settle the debts in time and strive to settle the debts in advance; before the debts are fully settled, the Target Companies have no intention to distribute dividends to their shareholder(s).
- 5.10 It is assumed that Mingrui Guangsheng gradually repays its borrowings and the bank loans interest rate is calculated at 3.5%.
- 5.10 It is assumed that Wuqi Huaguang gradually repays its borrowings and the interest rate of borrowings from related parties are calculated at 4.65% and 3.85%, respectively.

The Board has reviewed the key assumptions underlying the profit forecasts of Wuqi Huaguang and Mingrui Guangsheng, and considers that the profit forecasts of Wuqi Huaguang and Mingrui Guangsheng have been made after due and careful enquiry.

The Accountant, SHINEWING Certified Public Accountants LLP, has also reviewed the accounting policies and calculations of the profit forecasts in the Mingrui Guangsheng Valuation Report and Wuqi Huaguang Valuation Report and has reported on the calculation of the income approach on which the valuation was based.

Pursuant to Rules 14A.68 (7) and 14.62 of the Listing Rules, a letter from each of the Board and the Accountant are included in the appendices to this announcement.

EXPERTS AND CONSENTS

The following are the qualifications of the experts who provided opinion and advice in this announcement:

| Name | Qualification |
|--|------------------------------|
| SHINEWING Certified Public Accountants LLP (信永中和會計師事務所(特殊普通合夥)) | Certified Public Accountants |
| Shanghai Shenwei Assets Valuation Co., Ltd.* (上海申威資產評估有限公司) | Independent Valuer |

To the best of the Board's knowledge, information and belief and having made all reasonable enquiries, the experts are third parties independent of the Group and its Connected Persons. As at the date of this announcement, each of the experts:

- (i) has given, and has not withdrawn, its written consent to the publication of this announcement that includes its letter and all references to its name in the form and context in which they appear; and
- (ii) does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate any person to subscribe for securities in any member of the Group.

INFORMATION ON THE TARGET COMPANIES

1. Mingrui Guangsheng

Mingrui Guangsheng is a company incorporated in the PRC with limited liability and is principally engaged in PV project investment. As of the date of this announcement, it is wholly-owned by Sunoasis.

The following table provides a summary of the consolidated financial information of Mingrui Guangsheng for the periods as stated below:

| | For the year ended | |
|---|-----------------------------|-----------------------------|
| | 31 December 2021 | 31 December 2022 |
| | (audited) | (unaudited) |
| | RMB (0'0000) | RMB (0'0000) |
| Net profit before tax and non-recurring profit and loss items | 678.34 | 1,146.51 |
| Net profit after tax and non-recurring profit and loss items | 665.79 | 1,051.19 |

According to the audited financial information, the total assets and net assets of Mingrui Guangsheng as at 30 June 2022 are approximately RMB609,837,600 and RMB102,517,700, respectively.

2. Wuqi Huaguang

Wuqi Huaguang is a company incorporated in the PRC with limited liability and is principally engaged in the operation of PV power plants. As of the date of this announcement, it is wholly-owned by Shaanxi TBEA.

The following table provides a summary of the consolidated financial information of Wuqi Huaguang for the periods as stated below:

| | For the year ended | |
|---|---------------------------|--------------------|
| | 31 December | 31 December |
| | 2021 | 2022 |
| | (audited) | (unaudited) |
| | RMB(0'0000) | RMB(0'0000) |
| Net profit before tax and non-recurring profit and loss items | 234.26 | -6,846.51 |
| Net profit after tax and non-recurring profit and loss items | -233.17 | -5,827.07 |

According to the audited financial information, the total assets and net assets of Wuqi Huaguang as at 30 June 2022 are approximately RMB89,734,800 and RMB-56,504,700, respectively.

INFORMATION ON THE PARTIES TO THE EQUITY INTEREST TRANSFER AGREEMENTS

Sunoasis is a joint stock company incorporated in the PRC with limited liability and is a non-wholly owned subsidiary of the Company as at the date of this announcement, in which the Company holds 75.75% equity interest. Sunoasis is principally engaged in the development, construction and operation of wind and PV resources; the research and development, manufacture and sales of inverters, SVGs and other power electronic products.

Shaanxi TBEA is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of Sunoasis as at the date of this announcement. Shaanxi TBEA is principally engaged in the business of construction of electricity projects, construction of power transmission and transformation projects, production and sales of PV products, development of new energy power plants, etc.

TBEA is a joint stock company incorporated in the PRC with limited liability, which listed on Shanghai Stock Exchange (stock code: 600089), and directly and indirectly holds approximately 64.52% of the total issued share capital of the Company as at the date of this announcement, and is the Controlling Shareholder and Connected Person of the Company. TBEA is principally engaged in (i) the production and sales of transformers, reactors, wires, cables and other electrical and mechanical devices; (ii) contracting for the construction of domestic and overseas power transmission projects, hydropower and thermal power plant projects; (iii) mining and sales of coal; and (iv) production and sales of electricity and heat.

INFORMATION ON THE GROUP

The Company is a leading global manufacturer of polysilicon and a developer and operator of wind and PV resources. The Company's main business include the production of polysilicon and the provision of engineering and construction contracting and operating services for PV and wind power projects. The Company is also engaged in the manufacturing of supporting equipment (mainly inverters, flexible direct current, converter valve and SVG) which are used in the Company's engineering and construction contracting business or sold to independent third parties.

FINANCIAL IMPACT ON THE GROUP AND USE OF PROCEEDS

Upon completion of the Transfer of Equity Interest, Mingrui Guangsheng and Wuqi Huaguang will cease to be subsidiaries of the Company and will no longer be consolidated into the financial statements of the Group.

The consideration for the transfer of the equity interest in Mingrui Guangsheng is RMB134,999,999, and it is expected that a disposal gain of approximately RMB32,482,300 will be recognized upon completion of the transfer of the equity interest in Mingrui Guangsheng. The consideration for the transfer of the equity interest in Wuqi Huaguang is RMB1, and it is expected that a disposal gain of approximately RMB56,504,700 will be recognized upon completion of the transfer of the equity interest in Wuqi Huaguang. The excess of the consideration for the Transfer of Equity Interest over the book value of the Target Companies' net assets, amounting to RMB88,987,000, will be recorded as a disposal gain in the current profit and loss of the Group in 2023.

The proceeds from the Transfer of Equity Interest are intended to be used for the construction and operation of wind power and PV power stations of the Group.

REASONS FOR AND BENEFITS OF THE TRANSFER OF EQUITY INTEREST

In order to promote the A Share Offering and Listing of the Company and to rectify the land use non-compliance issues involved in Xintai Project and the Wuqi Project, the Company disposed the projects with land use defects by way of transfer of equity interest of the Target Companies which will be consolidated and managed by our controlling Shareholder.

The Mingrui Guangsheng Equity Interest Transfer Agreement and the Wuqi Huaguang Equity Interest Transfer Agreement were entered into after arm's length negotiations between the parties based on the Mingrui Guangsheng Valuation Report and the Wuqi Huaguang Valuation Report, respectively. The Directors (including the Independent non-executive Directors) are of the view that the transactions under the Mingrui Guangsheng Equity Interest Transfer Agreement and the Wuqi Huaguang Equity Interest Transfer Agreement are in the ordinary and usual course of business of the Group and are on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONFIRMATION BY THE BOARD

As at the date of this announcement, as each of the Directors namely Mr. Zhang Xin, Mr. Huang Hanjie and Ms. Guo Junxiang, holds a position and/or an interest in TBEA, they are deemed to have a material interest in the Transfer of Equity Interest and are required to abstain from voting on the relevant board resolutions. Save for the above Directors, none of other Directors has been or is deemed to be materially interested in the aforesaid Connected Transaction.

LISTING RULES IMPLICATIONS

As at the date of this announcement, TBEA directly and indirectly holds approximately 64.52% of the total issued share capital of the Company and thus is a Controlling Shareholder and a Connected Person of the Company. Therefore, the Equity Interest Transfer Agreements and the transactions contemplated thereunder constitute Connected Transactions of the Company. As the Mingrui Guangsheng Equity Interest Transfer Agreement and the Wuqi Huaguang Equity Interest Transfer Agreement were entered into within a 12-month period and between the same parties, the transactions contemplated thereunder are required to be aggregated and treated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the Equity Interest Transfer Agreements, when aggregated, exceeds 0.1% but is less than 5%, the Equity Interest Transfer Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

| | |
|---------------------------------------|--|
| “A Share Offering and Listing” | the Company proposes to conduct an initial public offering of not more than 300,000,000 A Shares, which are proposed to be listed on the Shanghai Stock Exchange |
| “Accountant” | SHINEWING Certified Public Accountants LLP (信永中和會計師事務所(特殊普通合夥)), a third party independent of the Group and its connected persons |
| “Board” | the board of Directors of the Company |
| “Company” | Xinte Energy Co., Ltd. (新特能源股份有限公司), a company incorporated in the PRC with limited liability on 20 February 2008, which was converted into a joint stock company with limited liability on 16 October 2012, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1799) |
| “Connected Person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Connected Transaction(s)” | has the meaning ascribed to it under the Listing Rules |
| “Controlling Shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Domestic Share(s)” | ordinary domestic share(s) in the share capital of our Company with a nominal value of RMB1.00 each |
| “Equity Interest Transfer Agreements” | the Mingrui Guangsheng Equity Interest Transfer Agreement and the Wuqi Huaguang Equity Interest Transfer Agreement |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “H Share(s)” | the overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, subscribed and traded in Hong Kong dollars and listed on the Stock Exchange |

| | |
|---|---|
| “Independent non-executive Director(s)” | the independent non-executive director(s) of the Company |
| “Independent Shareholder(s)” | Shareholder(s) other than the TBEA Group |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mingrui Guangsheng” | Urumqi Mingrui Guangsheng Power Generation Co., Ltd.* (烏魯木齊明瑞廣晟發電有限公司), a company incorporated in the PRC with limited liability on 1 December 2016 and a wholly-owned subsidiary of Sunoasis as at the date of this announcement |
| “Mingrui Guangsheng Equity Interest Transfer Agreement” | the equity interest transfer agreement entered into by Sunoasis and TBEA on 6 January 2023 in relation to the transfer of equity interest in Mingrui Guangsheng |
| “Mingrui Guangsheng Valuation Report” | valuation report of Mingrui Guangsheng dated 20 December 2022 prepared by the Valuer for the transfer of equity interest in Mingrui Guangsheng |
| “MW” | megawatt, unit of power. The capacity of a power generation project is generally indicated in MW |
| “percentage ratios” | has the meaning ascribed to it in Chapter 14 of the Listing Rules |
| “PRC” | the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “PV” | photovoltaic |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shaanxi TBEA” | Shaanxi TBEA New Energy Co., Ltd.* (陝西特變電工新能源有限公司), a company incorporated in the PRC with limited liability on 30 October 2005 and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement |

| | |
|--------------------------------|---|
| “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 meaning ascribed to it under the Listing Rules |
| “Sunoasis” | TBEA Xinjiang Sunoasis Co., Ltd. (特變電工新疆新能源股份有限公司), a joint stock company incorporated in the PRC with limited liability on 30 August 2000 and a non-wholly owned subsidiary of the Company as at the date of this announcement |
| “SVG” | Static VAR generator |
| “Target Companies” | Mingrui Guangsheng and Wuqi Huaguang |
| “TBEA Group” | TBEA and its associates (excluding the Group) |
| “TBEA” | TBEA Co., Ltd. (特變電工股份有限公司), a joint stock company incorporated in the PRC with limited liability on 26 February 1993 and listed on the Shanghai Stock Exchange (stock code: 600089) |
| “Transfer of Equity Interest” | the transfer of the equity interest in the Target Companies from Sunoasis and Shaanxi TBEA to TBEA pursuant to the Equity Interest Transfer Agreements, respectively |
| “Valuation” | the valuation of the total shareholders’ equity in the Target Companies with 30 June 2022 as the valuation base date prepared by the Valuer using the income approach |
| “Valuer” | Shanghai Shenwei Assets Valuation Co., Ltd.* (上海申威資產評估有限公司), a third party independent of the Group and its connected persons |

| | |
|--|--|
| “Wuqi Huaguang” | Wuqi Huaguang New Energy Co., Ltd.* (吳起縣華光新能源有限公司), a company incorporated in the PRC with limited liability on 19 June 2014 and a wholly-owned subsidiary of Shaanxi TBEA as at the date of this announcement |
| “Wuqi Huaguang Equity Interest Transfer Agreement” | the equity interest transfer agreement entered into by Shaanxi TBEA and TBEA on 6 January 2023 in relation to the transfer of equity interest in Wuqi Huaguang |
| “Wuqi Huaguang Valuation Report” | valuation report of Wuqi Huaguang dated 20 December 2022 prepared by the Valuer for the transfer of equity interest in Wuqi Huaguang |
| “Wuqi Project” | 10MWp PV power generation project of Wuqi Huaguang New Energy Co., Ltd. |
| “Xintai Project” | Sihuai Region 50MW Agriculture-PV Complement On-grid Power Project of Xintai Guanghua Photovoltaic Power Generation Co., Ltd. |
| “%” | per cent |

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

Xinjiang, the PRC
6 January 2023

As at the date of this announcement, the Board consists of Mr. Zhang Jianxin, Mr. Yin Bo and Mr. Xia Jinjing as executive Directors; Mr. Zhang Xin, Mr. Huang Hanjie and Ms. Guo Junxiang as non-executive Directors; and Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny as independent non-executive Directors.

* *For identification purpose only*

APPENDIX I — LETTER FROM THE BOARD OF DIRECTORS

Connected Transaction in relation to the Transfer of Equity Interest in the Target Companies by Xinte Energy Co., Ltd.

6 January 2023

Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sir or Madam,

Reference is made to the announcement of Xinte Energy Co., Ltd. (the “**Company**”) dated 6 January 2023 (the “**Announcement**”) and of which this letter forms part. Unless the context otherwise requires, capitalized terms defined in the Announcement shall have the same meanings as those used in this letter.

Reference is made to the Mingrui Guangsheng Valuation Report and the Wuqi Huaguang Valuation Report issued by the Valuer in relation to the valuation of the entire equity interests in Mingrui Guangsheng and Wuqi Huaguang using the income approach as at the valuation base date of 30 June 2022, which constitute profit forecasts as defined under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer factors including the bases and assumptions upon which the valuation of the Mingrui Guangsheng Valuation Report and the Wuqi Huaguang Valuation Report were prepared and reviewed such valuation, for which the Valuer is responsible. We have also considered the letter from the Accountant, SHINEWING Certified Public Accountants LLP, dated 6 January 2023 in relation to the profit forecasts, and we have also considered whether its calculations have been properly prepared in all material respects in accordance with the bases and assumptions set out in the Mingrui Guangsheng Valuation Report and the Wuqi Huaguang Valuation Report. We note that the profit forecasts in the valuation of the Mingrui Guangsheng Valuation Report and the Wuqi Huaguang Valuation Report are accurately calculated and consistent in all material respects with the accounting policies currently adopted by the Company.

We hereby confirm that according to the Mingrui Guangsheng Valuation Report and the Wuqi Huaguang Valuation Report, the profit forecasts have been made after due and careful enquiry by the Board.

Yours faithfully,

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

APPENDIX II — LETTER FROM THE INDEPENDENT ACCOUNTANT ON PROFIT FORECASTS

INDEPENDENT ACCOUNTANT’S REPORT ON THE DISCOUNTED FUTURE CASH FLOWS FORECAST FOR THE VALUATION OF URUMQI MINGRUI GUANGSHENG POWER GENERATION CO., LTD.* (烏魯木齊明瑞廣晟發電有限公司) AND WUQI HUAGUANG NEW ENERGY CO., LTD.* (吳起縣華光新能源有限公司)

To the Board of Directors of Xinte Energy Co., Ltd. (the “Company”),

The firm (hereinafter referred to as “we”) refers to the discounted future cash flows on which the Mingrui Guangsheng Valuation Report and the Wuqi Huaguang Valuation Report (hereinafter referred to as “Valuation”) dated 20 December 2022 prepared respectively by Shanghai Shenwei Assets Valuation Co., Ltd.* (上海申威資產評估有限公司) on the market value of the total shareholders’ equity of Urumqi Mingrui Guangsheng Power Generation Co., Ltd. (烏魯木齊明瑞廣晟發電有限公司) (hereinafter referred to as “Mingrui Guangsheng”) and Wuqi Huaguang New Energy Co., Ltd. (吳起縣華光新能源有限公司) (hereinafter referred to as “Wuqi Huaguang”) as at 30 June 2022 is based. The Valuation is set out in the announcement of the Company dated 6 January 2023 in relation to the transfer of equity interest in the Target Companies. The results of the Mingrui Guangsheng Valuation Report and the Wuqi Huaguang Valuation Report are prepared based on the discounted future cash flows and are regarded as profit forecasts under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Directors’ Responsibilities

The Directors of the Company (the “Directors”) are responsible for the preparation of the discounted future cash flows based on the bases and assumptions determined by the Directors and set out in the Mingrui Guangsheng Valuation Report and the Wuqi Huaguang Valuation Report. Such responsibilities include performing appropriate procedures and applying appropriate basis of preparation for the discounted future cash flows used in the preparation of the Mingrui Guangsheng Valuation Report and the Wuqi Huaguang Valuation Report; and making estimates that are reasonable based on the circumstances.

Our Independence and Quality Control

We have complied with the independence and other professional ethical requirements set out in the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA, and therefore maintains a comprehensive quality control system, including the establishment of policies and procedures relating to compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Reporting Accountant

Our responsibility is to report on the calculation of the discounted future cash flows used in the Mingrui Guangsheng Valuation Report and the Wuqi Huaguang Valuation Report in accordance with the requirements of Rule 14.62(2) of the Listing Rules. The discounted future cash flows do not involve the adoption of any accounting policies.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires us to plan and perform procedures to obtain reasonable assurance as to whether, for the purpose of calculations, the Directors have properly prepared the discounted future cash flows based on the bases and assumptions adopted by the Directors in the Valuation Report. We performed the procedures for the arithmetic calculation and preparation of the discounted future cash flows on the bases and assumptions adopted by the Directors. The scope of our work was substantially less than the scope of an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express any audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly prepared, in all material respects, in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other Matters

Without qualifying our opinion, we wish to draw your attention to the fact that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based. Nor does our work constitute an evaluation of Mingrui Guangsheng and Wuqi Huaguang or an audit or review opinion on the Mingrui Guangsheng Valuation Report and the Wuqi Huaguang Valuation Report.

The discounted future cash flows are dependent on future events and a number of assumptions that cannot be confirmed and verified as past results, and not all assumptions remain valid throughout the period. In addition, as the discounted future cash flows are dependent on future events, it is probable that actual results will differ from the discounted future cash flows as a result of future events and circumstances that do not unfold as expected, and such differences may be material. The work we perform intends to report solely to you in accordance with paragraph 14.62(2) of the Listing Rules and for no other purpose. We do not assume any liability to any other person in connection with, arising out of or relating to our work.

SHINEWING Certified Public Accountants LLP
Certified Public Accountants

Beijing, the PRC

6 January 2023