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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

PARTICIPATION IN STRATEGIC ALLOTMENT UNDER A SHARE OFFERING BY CONNECTED PERSONS

References are made to the Company's announcements dated 13 January 2021, 15 March 2022, 5 May 2022, 28 June 2022, 4 July 2022, 18 November 2022 and 6 March 2023 and the circular dated 19 April 2022 containing, among other things, matters relating to the Proposed A Share Offering by the Company, and the announcement of even date in relation to the amendments to the plan of the Proposed A Share Offering and the extension of the validity period proposed to the general meeting of mandate granted to the Board to handle matters related to the Proposed A Share Offering.

On 17 February 2023, with the official launch of full implementation of the registration system for stock issuance, the CSRC and the SSE issued a number of supporting rules and regulations. In accordance with the newly issued Measures for the Administration of the Offering and Underwriting of Securities (《證券發行與承銷管理辦法》) and the Rules for Implementation of Initial Public Offering of Securities and Underwriting on the Shanghai Stock Exchange (《上海證券交易所首次公開發行證券發行與承銷業務實施細則》), the Company has formulated the Strategic Allotment Plan. The Participants of the Strategic Allotment Plan shall be senior management and core employees of the Company, who may participate in the Strategic Allotment under the A Share Offering to subscribe for the approved number of A Shares upon consideration and approval by the Board and/or the general meeting of the Company (as the case may be) in accordance with the Strategic Allotment Plan. The Strategic Allotment Plan has been considered and approved by the Board on 22 March 2023, pursuant to which, the Company may allot not more than 30,000,000 A Shares to its senior management and core employees under the A Share Offering.

As certain Participants (i.e. directors and/or supervisors and/or general managers of the Company and/or its subsidiaries) are connected persons of the Company under the Listing Rules, the participation in the Strategic Allotment under the A Share Offering by the above-mentioned connected persons according to the Strategic Allotment Plan constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the requirements of reporting, announcement and the Independent Shareholders' approval under the Listing Rules.

The Company will convene the EGM to consider and approve, among other things, the resolution in relation to the participation in the Strategic Allotment under the A Share Offering by the connected persons. The Independent Board Committee has been established to advise the Independent Shareholders as to the participation in the Strategic Allotment under the A Share Offering by the connected persons. Kingsway Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the participation in the Strategic Allotment under the A Share Offering by the connected persons; (ii) a letter of advice from the Independent Financial Adviser; (iii) the recommendation from the Independent Board Committee; and (iv) the EGM notice is expected to be despatched to the Shareholders on or before 14 April 2023.

I. PARTICIPATION IN STRATEGIC ALLOTMENT UNDER THE A SHARE OFFERING BY CONNECTED PERSONS

References are made to the Company's announcements dated 13 January 2021, 15 March 2022, 5 May 2022, 28 June 2022, 4 July 2022, 18 November 2022 and 6 March 2023 and the circular dated 19 April 2022 containing, among other things, matters relating to the Proposed A Share Offering by the Company, and the announcement of even date in relation to the amendments to the plan of the Proposed A Share Offering and the extension of the validity period proposed to the general meeting of mandate granted to the Board to handle matters related to the Proposed A Share Offering.

On 17 February 2023, with the official launch of full implementation of the registration system for stock issuance, the CSRC and the SSE issued a number of supporting rules and regulations. In accordance with the newly issued Measures for the Administration of the Offering and Underwriting of Securities (《證券發行與承銷管理辦法》) and the Rules for Implementation of Initial Public Offering of Securities and Underwriting on the Shanghai Stock Exchange (《上海證券交易所首次公開發行證券發行與承銷業務實施細則》), strategic allotment may be implemented for the initial public offering of securities, and senior management and core employees of the issuer can participate in the strategic allotment through the establishment of special asset management plans. In order to strengthen the sense of responsibility and mission of the Company's senior management and core employees to achieve sustainable development of the Group, and to effectively integrate the interests of Shareholders, corporate and employee individuals, the Company has formulated the Strategic Allotment Plan. The Participants of the Strategic Allotment Plan shall be senior management and core employees of the Company, including 15 persons who are directors and/or supervisors and/or general managers of the Company and/or its subsidiaries and are the connected persons of the Company under the Listing Rules, who may participate in the Strategic Allotment under the A Share Offering to subscribe for the approved number of A Shares upon consideration and approval by the Board and/or the general meeting of the Company (as the case may be) in accordance with the Strategic Allotment Plan. The Strategic Allotment Plan has been considered and approved at the Board meeting held on 22 March 2023, pursuant to which, the Company may allot not more than 30,000,000 A Shares to its senior management and core employees under the A Share Offering. Details of the Strategic Allotment Plan are as follows:

(i) *Participants*

The Participants of the Strategic Allotment Plan consist of senior management and core technical and business personnel of the Company who are identified as having a significant impact on the Group's operating results and future development by the Board. The Participants are required to meet the qualified investors criteria for investment in asset management products.

(ii) *Source of Shares*

The source of Shares for the Strategic Allotment Plan shall be the A Shares with a nominal value of RMB1.00 each to be issued by the Company under the Proposed A Share Offering. Such A Shares will be listed on the main board of the SSE.

(iii) Number of Shares

The total number of A Shares proposed to be issued shall not exceed 300,000,000 Shares (prior to the exercise of the over-allotment option). The total number of Shares for subscription under the Strategic Allotment Plan shall not exceed 10% of the issue size of A Share Offering (prior to the exercise of the over-allotment option), i.e. not more than 30,000,000 A Shares.

(iv) Maximum number of the Shares to be allotted to Participants

Details of the maximum number of the Shares to be allotted to the Participants under the Strategic Allotment Plan are as follows:

Type of Participants	Name	Position	Maximum number of the Shares to be allotted (ten thousand)	Percentage of the number of Shares under the Strategic Allotment Plan (not more than 30,000,000 A Shares)	Percentage of the number of Shares under the A Share Offering (prior to the exercise of the over-allotment option)
Connected persons	Zhang Jianxin	Chairman and executive Director of the Company, director and general manager of a subsidiary	40	1.33%	0.13%
	Yin Bo	Executive Director and general manager of the Company, director of a subsidiary	40	1.33%	0.13%
	Xia Jinjing	Executive Director of the Company, director and general manager of a subsidiary	30	1.00%	0.10%
	Cao Huan	Chief risk control and compliance officer and employee representative Supervisor of the Company	20	0.67%	0.07%
	Guo Hao	Employee representative Supervisor of the Company, chief compliance officer of a subsidiary	20	0.67%	0.07%
	Hu Haiyong	Deputy general manager of the Company, director of a subsidiary	30	1.00%	0.10%
	Liu Xiubing	Deputy general manager of the Company, director of a subsidiary	30	1.00%	0.10%
	Yang Long	Deputy general manager of the Company, supervisor of a subsidiary	30	1.00%	0.10%

Type of Participants	Name	Position	Maximum number of the Shares to be allotted (ten thousand)	Percentage of	Percentage of
				the number of Shares under the Strategic Allotment Plan (not more than 30,000,000 A Shares)	the number of Shares under the A Share Offering (prior to the exercise of the over-allotment option)
	Ma Junhua	General manager of the business division and supervisor of a subsidiary	30	1.00%	0.10%
	Hou Yu	Director and general manager of a subsidiary	30	1.00%	0.10%
	Hu Weijun	Supervisor of a subsidiary, deputy general manager of another subsidiary	30	1.00%	0.10%
	Chen Guohui	Director and general manager of a subsidiary	25	0.83%	0.08%
	Shi Ronghui	Director of legal affairs department of the Company, supervisor of a subsidiary	15	0.50%	0.05%
	Zhang Chaorui	Chairman of labor union and supervisor of a subsidiary	15	0.50%	0.05%
	Sun Yunde	Assistant to the general manager and supervisor of a subsidiary	15	0.50%	0.05%
Subtotal			400	13.33%	1.33%
Non-connected persons	Other senior management and core employees		2,600	86.67%	8.67%
Total			3,000	100.00%	10.00%

The maximum number of Shares to be allotted to the Participants was determined based on their duties, performance contributions and other factors. The final number of Shares to be subscribed shall be adjusted based on the Participants' personal capital status and willingness to subscribe, but shall not exceed the maximum number of Shares to be allotted. If the participation by the above-mentioned connected persons in the Strategic Allotment Plan is not approved by the EGM, they will not participate in the Strategic Allotment Plan.

(v) *Subscription price*

The subscription price of A Shares to be allotted under the Strategic Allotment Plan shall be identical to the issue price of the Proposed A Share Offering, which will be determined by making enquiries with offline investors or other methods permitted by securities regulatory authorities.

(vi) *Source of capital*

The capital for the Participants to participate in the Strategic Allotment Plan is sourced from their personal resources. The Participants shall not use loans and/or external funds raised from issue of bonds.

(vii) *Lock-up period*

The lock-up period of A Shares to be allotted under the Strategic Allotment Plan shall be 12 months from the date of listing of A Shares. Unless otherwise specified, the Participants shall not withdraw from the collective assets management plan or transfer their entitlements under the collective asset management plan in any form within the lock-up period, nor shall they require the Company to repurchase the Shares indirectly held by them through the Strategic Allotment Plan. Upon expiry of the lock-up period, the administrator of the collective asset management plan will arrange the disposal of such Shares in accordance with relevant agreements or regulations in due course.

(viii) *Conditions of implementation*

The participation in the Strategic Allotment Plan by non-connected persons has become effective after being considered and approved by the Board on 22 March 2023, and shall be implemented at the time of A Share Offering. The participation in the Strategic Allotment Plan by connected persons shall become effective after being considered and approved by the EGM, and shall be implemented at the time of A Share Offering. If the Proposed A Share Offering is not approved by relevant regulatory authorities, the Strategic Allotment Plan will be terminated accordingly. The Proposed A Share Offering is not conditional on the Strategic Allotment Plan.

(ix) *Means of implementation and management*

The Participants will participate in the Strategic Allotment under the A Share Offering through the establishment of a collective asset management plan. The Company intends to enter into a strategic allotment agreement with the collective asset management plan in accordance with relevant laws and regulations during

the period of the A Share Offering. The Board or its authorized persons shall determine, handle and implement matters relating to the participation in the strategic allotment through collective asset management plan in accordance with relevant laws, regulations and regulatory documents as well as the applicable provisions of the CSRC, the SSE and the Stock Exchange.

II. REASONS FOR AND BENEFITS OF THE STRATEGIC ALLOTMENT PLAN AND THE ALLOTMENT OF A SHARES TO THE CONNECTED PERSONS THEREUNDER

The implementation of the Strategic Allotment Plan is beneficial for increasing relevant employee's initiative and establishing and improving the benefit-sharing and risk-sharing mechanism among Shareholders, and will help achieve the Group's development objectives and have a positive effect on its sustainable and high-quality development.

The Directors (excluding the independent non-executive Directors whose opinion will be set forth in the circular by reference to the advice of the Independent Financial Adviser) consider that the terms of the Strategic Allotment Plan and the allotment of A Shares to the connected persons under the Strategic Allotment Plan are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, although it is not in the usual and ordinary course of business of the Company due to its nature of transaction.

III. LISTING RULES IMPLICATIONS

As certain Participants (i.e. directors and/or supervisors and/or general managers of the Company and/or its subsidiaries) are connected persons of the Company under the Listing Rules, the participation in the Strategic Allotment under the A Share Offering by the above-mentioned connected persons according to the Strategic Allotment Plan constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the requirements of reporting, announcement and the Independent Shareholders' approval under the Listing Rules.

The executive Directors, Mr. Zhang Jianxin, Mr. Yin Bo and Mr. Xia Jinjing, being the Participants, have abstained from voting on the resolution to consider and approve the participation in the Strategic Allotment under the A Share Offering by connected persons at the Board meeting as they are deemed to have significant interests in the resolution to consider the participation in the Strategic Allotment under the A Share Offering by the connected persons.

IV. EGM

The Company will convene the EGM to consider and approve, among other things, the resolution in relation to the participation in the Strategic Allotment under the A Share Offering by the connected persons. As at the date of this announcement, certain Participants indirectly hold the Shares of the Company through Partnership Enterprises under the Employee Share Ownership Scheme, and Partnership Enterprises and their associates shall, if applicable, abstain from voting on the resolution to consider and approve the participation in the Strategic Allotment under the A Share Offering by the connected persons at the EGM. Save as mentioned above, to the best of the Directors' knowledge, information and belief, none of other Shareholders is required to abstain from voting on such resolution at the EGM pursuant to the Listing Rules.

V. GENERAL

The Company is a global leading manufacturer of polysilicon as well as developer and operator of wind power and PV resources. Its main businesses 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 static VAR generators), which are used for the engineering and construction contracting business of the Company or sold to independent third parties.

The circular of the EGM containing, among other things, (i) details of the participation in the Strategic Allotment under the A Share Offering by the connected persons; (ii) a letter from the Independent Financial Advisor to the Independent Board Committee, which contains its opinion on the participation in the Strategic Allotment under the A Share Offering by the connected persons; and (iii) a letter from the Independent Board Committee, which contains its recommendation on the participation in the Strategic Allotment under the A Share Offering by the connected persons will be despatched to the Shareholders in accordance with the Listing Rules in due course.

Shareholders and potential investors should note that the Proposed A Share Offering shall be subject to approval of the Shareholders at the general meeting, the approval of the SSE and the registration with the CSRC, and there is uncertainty about whether it will proceed. Relevant senior management and core employees of the Company may but not necessarily participate in the Strategic Allotment under the A Share Offering. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. The Company will make further announcement(s) on any major updates and progress related to the Proposed A Share Offering and the participation in the Strategic Allotment under the A Share Offering by the connected persons in accordance with the Listing Rules and other applicable laws and regulations.

VI. DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

“A Share(s)”	the ordinary share(s) proposed to be issued by the Company pursuant to the Proposed A Share Offering and subscribed in RMB
“A Share Offering”, “A Share Offering and Listing”, “Proposed A Shares Offering”	the proposed initial public offering of not more than 300,000,000 A Shares (prior to the exercise of the over-allotment option) by the Company, which are proposed to be listed on the SSE
“Board”	the board of Directors
“Company”	Xinte Energy Co., Ltd., a company incorporated in the PRC with limited liability on 20 February 2008, which was converted into a joint stock limited liability company on 16 October 2012, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1799)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary domestic share(s) in the share capital of the Company with a nominal value of RMB1.00 per share
“EGM”	the first extraordinary general meeting of 2023 of the Company, to consider and if thought fit, to approve, among others, the participation in the Strategic Allotment under the A Share Offering by the connected persons
“Employment Share Ownership Scheme”	the employee share ownership scheme of 2022, approved by the Shareholders at the first extraordinary shareholder meeting of 2022 of the Company on 5 May 2022

“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 per share, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee established to advise the Independent Shareholders in respect of the participation in the Strategic Allotment under the A Share Offering by the connected persons, the members of which are all the independent non-executive Directors
“Independent Financial Advisor” or “Kingway Capital”	Kingway Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders as to matters related to the participation in the Strategic Allotment under the A Share Offering by the connected persons
“Independent Shareholders”	the Shareholders who are not required to abstain from voting on the resolution to consider and approve the participation in the Strategic Allotment under the A Share Offering by the connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Participant(s)”	the persons who participate in the Strategic Allotment Plan through the collective asset management plan

“Partnership Enterprises”	Tianjin Xinte Dingxin Enterprise Management Partnership (Limited Partnership)* (天津新特鼎信企業管理合夥企業(有限合夥)), Tianjin Xinte Chengli Enterprise Management Partnership (Limited Partnership)* (天津新特誠立企業管理合夥企業(有限合夥)), Tianjin Xinte Biantong Enterprise Management Partnership (Limited Partnership)* (天津新特變通企業管理合夥企業(有限合夥)), Tianjin Xinte Kangrong Enterprise Management Partnership (Limited Partnership)* (天津新特康榮企業管理合夥企業(有限合夥)), Tianjin Xinte Jianming Enterprise Management Partnership (Limited Partnership)* (天津新特簡明企業管理合夥企業(有限合夥)), Tianjin Xinte Hexing Enterprise Management Partnership (Limited Partnership)* (天津新特和興企業管理合夥企業(有限合夥)), Tianjin Xinte Tongxin Enterprise Management Partnership (Limited Partnership)* (天津新特同心企業管理合夥企業(有限合夥)), Tianjin Xinte Chengxin Enterprise Management Partnership (Limited Partnership)* (天津新特誠信企業管理合夥企業(有限合夥)), Tianjin Xinte Zhuocheng Enterprise Management Partnership (Limited Partnership)* (天津新特卓誠企業管理合夥企業(有限合夥)), Tianjin Xinte Lvneng Enterprise Management Partnership (Limited Partnership)* (天津新特綠能企業管理合夥企業(有限合夥) and Tianjin Xinte Chuangxin Enterprise Management Partnership (Limited Partnership)* (天津新特創新企業管理合夥企業(有限合夥)), and Mr. Zhang Jianxin, chairman of the Board of the Company, and Mr. Yinbo, the Director and general manager, serve as the general partners of the above 11 Partnership Enterprises, respectively
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“SSE”	the Shanghai Stock Exchange

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Allotment Plan”	the strategic allotment plan formulated by the Company for its senior management and core employees to participate in the Strategic Allotment under the A Share Offering through the establishment of a collective asset management plan, which will become effective after being considered and approved by the Board on 22 March 2023
“Strategic Allotment under the A Share Offering”	the allotment of not more than 30,000,000 A Shares to the Participants by the Company under the A Share Offering in accordance with the Strategic Allotment Plan
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“%”	per cent

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

Xinjiang, the PRC
22 March 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 purposes only*