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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 Xuyi Project and the Chongren Project respectively held by Sunoasis, being a subsidiary of the Company, in order to expedite the progress of the A Share Offering and Listing, on 28 April 2023, Sunoasis entered into the Xuyi High Drive Equity Interest Transfer Agreement and the Chongren Huafeng Equity Interest Transfer Agreement with TBEA, the Controlling Shareholder of the Company, whereby Sunoasis agreed to transfer 100% equity interest in Xuyi High Drive to TBEA, and the transfer consideration agreed by both parties shall be RMB138,700,000, which was based on the appraised value of the total shareholders' equity of Xuyi High Drive of RMB138,700,000; Sunoasis agreed to transfer 100% equity interest in Chongren Huafeng to TBEA, and the transfer consideration agreed by both parties shall be RMB261,300,000, which was based on the appraised value of the total shareholders' equity of Chongren Huafeng of RMB261,300,000. 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 Xuyi High Drive Equity Interest Transfer Agreement, the Chongren Huafeng Equity Interest Transfer Agreement and the Former Equity Interest Transfer Agreements were entered into within a 12-month period and between the same parties, the respective 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 with the Former Equity Interest Transfer Agreements, 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 circulars dated 19 April 2022 and 24 April 2023 and the poll results announcement dated 5 May 2022 of the Company in relation to the A Share Offering and Listing of the Company; and the announcement dated 6 January 2023 of the Company in relation to the entering into of the Former Equity Interest Transfer Agreements.

The Board announces that, due to the land use defects of the Xuyi Project and the Chongren Project respectively held by Sunoasis, being a subsidiary of the Company, in order to expedite the progress of the A Share Offering and Listing, Sunoasis entered into the Equity Interest Transfer Agreements with TBEA, the Controlling Shareholder of the Company, the principal terms of which are summarised as follows:

	Xuyi High Drive Equity Interest Transfer Agreement	Chongren Huafeng Equity Interest Transfer Agreement
Parties	Sunoasis, as the transferor TBEA, as the transferee	Sunoasis, as the transferor TBEA, as the transferee
Date	28 April 2023	28 April 2023
Equity Interest in the Target Companies	100% equity interest in Xuyi High Drive and all rights, obligations and responsibilities attached.	100% equity interest in Chongren Huafeng and all rights, obligations and responsibilities attached.

Consideration

The consideration, being RMB138,700,000, was determined after arm's length negotiations with reference to the appraised value. TBEA will pay in cash (i) 90% of the consideration within ten business days after the signing of the Xuyi High Drive Equity Interest Transfer Agreement; and (ii) the remaining 10% of the consideration upon completion of the industrial and commercial change of the equity interest in Xuyi High Drive and no later than 30 June 2023.

The value of the total shareholders' equity of Xuyi High Drive is RMB138,700,000 as set out in the Xuyi High Drive Valuation Report prepared by the Valuer based on the income approach with 31 December 2022 as the valuation base date. As the value of Xuyi High Drive 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 Xuyi High Drive 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.

The consideration, being RMB261,300,000, was determined after arm's length negotiations with reference to the appraised value. TBEA will pay in cash (i) 90% of the consideration within ten business days after the signing of the Chongren Huafeng Equity Interest Transfer Agreement; and (ii) the remaining 10% of the consideration upon completion of the industrial and commercial change of the equity interest in Chongren Huafeng and no later than 30 June 2023.

The value of the total shareholders' equity of Chongren Huafeng is RMB261,300,000 as set out in the Chongren Huafeng Valuation Report prepared by the Valuer based on the income approach with 31 December 2022 as the valuation base date. As the value of Chongren Huafeng was evaluated based on the income approach, it is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

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

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 Target Companies 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 the 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 Target Companies 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 (31 December 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 accounting policies to be adopted by the Target Companies in the future are substantially consistent with those accounting policies adopted at the time of preparation of the Chongren Huafeng Valuation Report and the Xuyi High Drive Valuation Report in all material respects.
2. The following assumptions are made in conducting forecast in this appraisal using the income approach:
 - 2.1 It is assumed that there will be no significant changes in the financial structure and capital scale of the Target Companies in the future operating period;
 - 2.2 It is assumed that the forecast of future income is based on the existing management methods and management standards, and the business scope and methods are consistent with the current ones;
 - 2.3 It is assumed that future earnings do not take into account the synergies that may arise from the implementation of this economic behavior;
 - 2.4 It is assumed that the Target Companies can raise the required funds according to its business needs, and the business operation will not be affected by financing issues;
 - 2.5 It is assumed that the core team of the Target Company will continue to serve in the Target Companies in future years, and will not engage in external business that competes with the businesses of the Target Companies;
 - 2.6 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);
 - 2.7 It is assumed that the relevant operating licenses of the Target Companies can be renewed normally upon expiry;

- 2.8 It is assumed that the repayment from Xuyi High Drive for borrowings is made based on the actual repayment arrangement as agreed and Xuyi High Drive has cash flow to repay borrowings, and the loan interest rate is calculated according to the effective interest rate of 3.7% agreed in the contract;
- 2.8 It is assumed that Chongren Huafeng has cash flow to repay borrowings, and the loan interest rate is calculated according to the effective interest rate of 3.0% agreed in the contract; if the current cash flow is insufficient to repay borrowings, the shareholders shall pay the principal and interest of the borrowings in advance;
- 2.9 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;
- 2.10 It is assumed that after the ending of preferential policy of “three-year full exemption followed by a three-year half exemption”, the corporate income tax will be levied at 25%.

The Board has reviewed the key assumptions underlying the profit forecasts of Xuyi High Drive and Chongren Huafeng, and considers that the profit forecasts of Xuyi High Drive and Chongren Huafeng 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 Xuyi High Drive Valuation Report and the Chongren Huafeng 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 the Board and a letter from the Independent Accountant on profit forecasts 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. Xuyi High Drive

Xuyi High Drive is a company incorporated in the PRC with limited liability and is principally engaged in sales of wind power generation, wind power equipment, electrical and electronic control equipment. As at the date of this announcement, it is wholly owned by Sunoasis.

The following table provides a summary of the consolidated financial information of Xuyi High Drive for the periods as stated below:

	For the year ended	
	31 December 2021 (audited) RMB ('0000)	31 December 2022 (audited) RMB ('0000)
Net profit before tax and non-recurring profit and loss items	-1,202.21	1,005.20
Net profit after tax and non-recurring profit and loss items	1,529.13	1,051.60

According to the audited financial information, the total assets and net assets of Xuyi High Drive as at 31 December 2022 are approximately RMB894,539,900 and RMB115,760,200, respectively.

2. Chongren Huafeng

Chongren Huafeng is a company incorporated in the PRC with limited liability and is principally engaged in the investment and operation of wind power generation. As at the date of this announcement, it is wholly owned by Sunoasis.

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

	For the year ended	
	31 December 2021 (audited) RMB('0000)	31 December 2022 (audited) RMB('0000)
Net profit before tax and non-recurring profit and loss items	3,075.93	2,624.95
Net profit after tax and non-recurring profit and loss items	3,094.09	2,624.95

According to the audited financial information, the total assets and net assets of Chongren Huafeng as at 31 December 2022 are approximately RMB508,726,700 and RMB132,725,500, 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 in Sunoasis. 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.

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 Group 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 static VAR generators) 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, Xuyi High Drive and Chongren Huafeng 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 Xuyi High Drive is RMB138,700,000, and it is expected that a disposal gain of approximately RMB22,939,800 will be recognized upon completion of the transfer of the equity interest in Xuyi High Drive. The consideration for the transfer of the equity interest in Chongren Huafeng is RMB261,300,000, and it is expected that a disposal gain of approximately RMB128,574,500 will be recognized upon completion of the transfer of the equity interest in Chongren Huafeng. The excess of the consideration for the Transfer of Equity Interest over the book value of the Target Companies' net assets, amounting to RMB151,514,300, 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 plants of the Group.

REASONS FOR AND BENEFITS OF THE TRANSFER OF EQUITY INTEREST

In order to promote the A Share Offering and Listing and to rectify the land use non-compliance issues involved in Xuyi Project and the Chongren 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 Xuyi High Drive Equity Interest Transfer Agreement and the Chongren Huafeng Equity Interest Transfer Agreement were entered into after arm's length negotiations between the parties based on the Xuyi High Drive Valuation Report and the Chongren Huafeng Valuation Report, respectively. The Directors (including the Independent non-executive Directors) are of the view that the transactions under the Equity Interest Transfer Agreements 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 Xuyi High Drive Equity Interest Transfer Agreement, the Chongren Huafeng Equity Interest Transfer Agreement and the Former Equity Interest Transfer Agreements were entered into within a 12-month period and between the same parties, the respective 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 with the Former Equity Interest Transfer Agreements, 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)), the auditor of the Company and a third party independent of the Group and its connected persons
“Board”	the board of Directors of the Company
“Chongren Huafeng”	Chongren County Huafeng Power Generation Co., Ltd.* (崇仁縣華風發電有限公司), a company incorporated in the PRC with limited liability on 30 June 2014 and a wholly-owned subsidiary of Sunoasis as at the date of this announcement
“Chongren Huafeng Equity Interest Transfer Agreement”	the equity interest transfer agreement entered into by Sunoasis and TBEA on 28 April 2023 in relation to the transfer of equity interest in Chongren Huafeng
“Chongren Huafeng Valuation Report”	the valuation report for Chongren Huafeng dated 15 April 2023 prepared by the Valuer for the transfer of equity interest in Chongren Huafeng

“Chongren Project”	Chongren Xiangshan Phase I 50MW Wind Power Project
“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
“Former Equity Interest Transfer Agreements”	the equity interest transfer agreements dated 6 January 2023 entered into between Shaanxi TBEA New Energy Co., Ltd. and Sunoasis and TBEA respectively, in relation to the transfer of equity interest in Wuqi County Huaguang New Energy Co., Ltd.* (吳起縣華光新能源有限公司) and Urumqi Mingrui Guangsheng Power Generation Co., Ltd.* (烏魯木齊明瑞廣晟發電有限公司)
“Equity Interest Transfer Agreements”	the Xuyi High Drive Equity Interest Transfer Agreement and the Chongren Huafeng 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

“MW”	megawatt, unit of power. The capacity of a power generation project is generally indicated in MW
“percentage ratio(s)”	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
“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”	Xuyi High Drive and Chongren Huafeng
“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 to TBEA pursuant to the Equity Interest Transfer Agreements

“Valuation”	the valuation of the total shareholders’ equity in the Target Companies with 31 December 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
“Xuyi High Drive”	Xuyi High Drive Wind Power Co., Ltd.* (盱眙高傳風力發電新能源有限公司), a company incorporated in the PRC with limited liability on 16 April 2014 and a wholly-owned subsidiary of Sunoasis as at the date of this announcement
“Xuyi High Drive Equity Interest Transfer Agreement”	the equity interest transfer agreement entered into by Sunoasis and TBEA on 28 April 2023 in relation to the transfer of equity interest in Xuyi High Drive
“Xuyi High Drive Valuation Report”	the valuation report for Xuyi High Drive dated 15 April 2023 prepared by the Valuer for the transfer of equity interest in Xuyi High Drive
“Xuyi Project”	the 80MW Wind Power Project at Guanyin Temple Sanhe Farm Guantan Wind Power Plant of Xuyi High Drive
“%”	per cent

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

Xinjiang, the PRC
28 April 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 for the Transfer of Equity Interests in the Target Companies by Xinte Energy Co., Ltd.

On 28 April 2023

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

Dear Sirs,

Reference is made to the announcement of Xinte Energy Co., Ltd. (the “**Company**”) dated 28 April 2023 (the “**Announcement**”), of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings as those used in this letter.

Reference is made to the Xuyi High Drive Valuation Report and the Chongren Huafeng Valuation Report issued by the Valuer in respect of the Valuation of the entire equity interest in Xuyi High Drive and Chongren Huafeng using the income approach with 31 December 2022 as the valuation base date, which constitutes profit forecasts as defined under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer the various aspects of the bases and assumptions on which the Xuyi High Drive Valuation Report and the Chongren Huafeng Valuation Report were prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the letter issued by our Accountants, SHINEWING Certified Public accountant LLP, dated 28 April 2023 in relation to the profit forecasts, and we have also considered whether their calculations have been properly prepared, in all material respects, on the bases and assumptions set out in the Xuyi High Drive Valuation Report and the Chongren Huafeng Valuation Report. We note that the profit forecasts in the Xuyi High Drive Valuation Report and the Chongren Huafeng Valuation Report is accurately calculated and is consistent in all material respects with the accounting policies currently adopted by the Company.

We hereby confirm that, based on the Xuyi High Drive Valuation Report and the Chongren Huafeng 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 FLOW FORECAST FOR THE VALUATION OF XUYI HIGH DRIVE WIND POWER CO., LTD. AND CHONGREN COUNTY HUAFENG POWER GENERATION CO., LTD.

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

Our firm (hereinafter referred to as “we”) refer to the discounted future cash flows on which the Xuyi High Drive Valuation Report and the Chongren Huafeng Valuation Report dated 15 April 2023 (hereinafter referred to as the “**Valuation**”) were prepared respectively by Shanghai Shenwei Assets Valuation Co., Ltd.* (上海申威資產評估有限公司) in respect of the market value of the total shareholders’ equity of Xuyi High Drive Wind Power Co., Ltd. (hereinafter referred to as “**Xuyi High Drive**”) and Chongren County Huafeng Power Generation Co., Ltd. (hereinafter referred to as “**Chongren Huafeng**”) as at 31 December 2022 are based. The Valuation is set out in the announcement of the Company dated 28 April 2023 in relation to the transfer of equity interests in the Target Companies. The results of the Xuyi High Drive Valuation Report and the Chongren Huafeng Valuation Report were prepared on the discounted future cash flows and are therefore regarded as profit forecasts under paragraph 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 on the bases and assumptions determined by the Directors and set out in the Xuyi High Drive Valuation Report and the Chongren Huafeng 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 Xuyi High Drive Valuation Report and the Chongren Huafeng Valuation Report; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other professional ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on 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 accordingly maintains a comprehensive system of quality control, including formulating policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of Reporting Accountant

Our responsibility is to report on the calculation of discounted future cash flows used in the Xuyi High Drive Valuation Report and the Chongren Huafeng 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 Our Opinion

We have 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 our calculations, the directors have properly prepared the discounted future cash flows based on the bases and assumptions adopted by the Directors in the valuation reports. We have performed procedures for the arithmetic calculation and preparation of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. The scope of our work was substantially less than the scope of our audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express any audit opinion.

Our 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 have been based. Nor does our work constitute any assessment of Xuyi High Drive and Chongren Huafeng or an audit or review opinion on the Xuyi High Drive Valuation Report and the Chongren Huafeng Valuation Report.

The discounted future cash flows are subject to future events and a number of assumptions that cannot be recognized and verified in the same way as historical results, and not all of these assumptions remain valid throughout the period. In addition, as the discounted future cash flows are subject to future events, it is probable that actual results will differ from the discounted future cash flows as a result of the future events and circumstances that do not develop as expected, and that such differences may be material. The work we have performed is intended to be reported 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 for any liability arising from, in connection with or relating to our work.

SHINEWING Certified Public accountant LLP

Certified Public accountant

Beijing, China

28 April 2023