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

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新特能源

XINTE ENERGY CO., LTD.

新特能源股份有限公司

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

(Stock code: 1799)

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS; AND NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2023

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

SUNWAH KINGSWAY

新華滙富

Kingsway Capital Limited

A letter from the Board is set out on pages 7 to 43 of this circular. A letter from the Independent Financial Adviser, Kingsway Capital Limited containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 45 to 78 of this circular and a letter from the Independent Board Committee is set out on page 44 of this circular.

The notice convening the EGM to be held at the Conference Room, R&D Building, No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang, the PRC on Thursday, 30 November 2023 at 11:00 a.m., is set out on pages EGM-1 to EGM-4 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to Computershare Hong Kong Investor Services Limited and for holders of Domestic Shares, the form of proxy should be returned to the Company's board secretary office not less than 24 hours before the time fixed for holding the EGM (i.e. no later than 11 a.m. on Wednesday, 29 November 2023) or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any other adjourned meeting should you so wish.

14 November 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	7
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	44
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	45
APPENDIX — GENERAL INFORMATION	79
NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2023	EGM-1

DEFINITIONS

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

“200,000-ton Polysilicon Project in Zhundong”	the 200,000-ton-per-annum high-end electronic-grade polysilicon green low-carbon circular economy construction project in the Changji Zhundong Industrial Park in Xinjiang Uygur Autonomous Region, the PRC, which is divided into the first phrase of 100,000-ton Polysilicon Project in Zhundong and the second phrase of 100,000-ton Polysilicon Project in Zhundong
“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“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 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
“Continuing 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
“Deposit Services”	the deposit services to be provided by TBEA Finance to the Group under the New Financial Services Framework Agreement
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) with par value of RMB1.00 each in the share capital of the Company, which are subscribed for and paid up in Renminbi

DEFINITIONS

“EGM”	the second extraordinary general meeting of 2023 of the Company to be held at the Conference Room, R&D Building, No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang, the PRC on Thursday, 30 November 2023 at 11:00 a.m.
“Existing Framework Agreement”	the Existing TBEA Framework Agreements, the Existing Xinjiang Tebian Framework Agreements and the Existing Financial Services Framework Agreements
“Existing Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company and TBEA Finance on 10 November 2020, under which the annual caps were revised by the supplemental framework agreement entered into between the Company and TBEA Finance on 13 October 2021
“Existing TBEA Framework Agreements”	the product procurement framework agreement (TBEA), the coal procurement framework agreement, the miscellaneous services framework agreement (TBEA) and the product sales framework agreement entered into between the Company and TBEA on 10 November 2020, under which the annual caps were revised by the supplemental framework agreements entered into between the Company and TBEA on 13 October 2021 and 17 October 2022, respectively
“Existing Xinjiang Tebian Framework Agreements”	the product procurement framework agreement (Xinjiang Tebian) and the miscellaneous services framework agreement (Xinjiang Tebian) entered into between the Company and Xinjiang Tebian on 10 November 2020, under which the annual caps were revised by the supplemental framework agreements entered into between the Company and Xinjiang Tebian on 13 October 2021 and 17 October 2022, respectively
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“H Shares”	foreign shares listed overseas with a par value of RMB1.00 per share in the share capital of the Company, which are subscribed and traded in Hong Kong dollars, and listed on the Stock Exchange
“Independent Board Committee”	the independent board committee comprising all independent non-executive Directors established to advise the Independent Shareholders in respect of the New Framework Agreements and the proposed annual caps thereunder
“Independent Financial Adviser”	Kingsway Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders with regard to the New Framework Agreements and the proposed annual caps
“Independent Shareholders”	Shareholders other than TBEA Group and/or Xinjiang Tebian Group (as the case may be)
“Latest Practicable Date”	9 November 2023, being the latest practicable date before printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Cooperative Commercial Banks”	major state-owned commercial banks and national joint stock commercial banks in the PRC that cooperate with the Group
“New Coal Procurement Framework Agreement”	the coal procurement framework agreement entered into by the Company and TBEA on 17 October 2023
“New Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company and TBEA Finance on 17 October 2023

DEFINITIONS

“New Framework Agreements”	the New TBEA Framework Agreements, the New Xinjiang Tebian Framework Agreements and the New Financial Services Framework Agreement
“New Miscellaneous Services Framework Agreement (TBEA)”	the miscellaneous services framework agreement entered into by the Company and TBEA on 17 October 2023
“New Miscellaneous Services Framework Agreement (Xinjiang Tebian)”	the miscellaneous services framework agreement entered into by the Company and Xinjiang Tebian on 17 October 2023
“New Product and Service Sales Framework Agreement”	the product and service sales framework agreement entered into between the Company and TBEA on 17 October 2023
“New Product Procurement Framework Agreement (TBEA)”	the product procurement framework agreement entered into by the Company and TBEA on 17 October 2023
“New Product Procurement Framework Agreement (Xinjiang Tebian)”	the product procurement framework agreement entered into by the Company and Xinjiang Tebian on 17 October 2023
“New TBEA Framework Agreements”	the New Product Procurement Framework Agreement (TBEA), the New Coal Procurement Framework Agreement, the New Miscellaneous Services Framework Agreement (TBEA) and the New Product and Service Sales Framework Agreement
“New Xinjiang Tebian Framework Agreements”	New Product Procurement Framework Agreement (Xinjiang Tebian) and New Miscellaneous Services Framework Agreement (Xinjiang Tebian)
“NFRA”	the National Financial Regulatory Administration of the PRC and its branch offices, including its predecessor, the China Banking and Insurance Regulatory Commission (CBIRC). The NFRA is an agent directly under the State Council established on the basis of the CBIRC. In March 2023, the CPC Central Committee and the State Council issued the Plan on Reform of Party and State Institutions, and decided to establish the NFRA on the basis of the CBIRC which was no longer retained. The NFRA was established on 18 May 2023

DEFINITIONS

“PBOC”	the People’s Bank of China
“percentage ratios”	has the meaning ascribed to that term in Chapter 14 of the Listing Rules
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this circular, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Procurement Requirements”	requirements issued to the Company’s procurement department by the Group based on their business needs
“PV”	photovoltaic
“Qualified Supplier(s)”	supplier(s) assessed as qualified and listed as qualified suppliers(s)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supervisory Board”	the supervisory board of the Company
“TBEA”	TBEA Co., Ltd. (特變電工股份有限公司), a joint stock company incorporated in the PRC on 26 February 1993 and listed on the Shanghai Stock Exchange (stock code: 600089)

DEFINITIONS

“TBEA Finance”	TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司), a company incorporated in the PRC with limited liability on 29 November 2018 as well as a non-bank financial institution approved by NFRA and a subsidiary of TBEA
“TBEA Group”	TBEA and its associates (excluding the Group)
“Xinjiang Joinworld”	Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司), a joint stock company incorporated in the PRC with limited liability on 13 February 1996 and listed on the Shanghai Stock Exchange (stock code: 600888)
“Xinjiang Tebian”	Xinjiang Tebian Group Co., Ltd. (新疆特變電工集團有限公司), a company with limited liability incorporated in the PRC on 27 January 2003
“Xinjiang Tebian Group”	Xinjiang Tebian and its associates
“Xinjiang Tianchi”	Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司), a company with limited liability incorporated in the PRC on 29 November 2002 and a subsidiary of TBEA
“%”	per cent.

LETTER FROM THE BOARD

新特能源

XINTE ENERGY CO., LTD.

新特能源股份有限公司

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

(Stock code: 1799)

Executive Directors:

Mr. Zhang Jianxin (*Chairman*)
Mr. Yin Bo
Mr. Xia Jinjing

Non-executive Directors:

Mr. Zhang Xin
Mr. Huang Hanjie
Ms. Guo Junxiang

Independent Non-executive Directors:

Mr. Cui Xiang
Mr. Chen Weiping
Mr. Tam, Kwok Ming Banny

Registered office:

No. 2249, Zhongxin Street
Ganquanpu Economic and
Technological Development Zone
(Industrial Park)
Urumqi, Xinjiang, the PRC

Headquarters and

principal place of business in the PRC:
No. 2249, Zhongxin Street
Ganquanpu Economic and
Technological Development Zone
(Industrial Park)
Urumqi, Xinjiang, the PRC

Principal place of business in Hong Kong:
40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

14 November 2023

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS;
AND
NOTICE OF THE SECOND EXTRAORDINARY
GENERAL MEETING OF 2023**

INTRODUCTION

Reference is made to the announcement of the Company dated 17 October 2023 in relation to, amongst others, entering into the New Framework Agreements and the proposed annual caps for the three years ending 31 December 2026 thereunder.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, inter alia, (i) further information of the New Framework Agreements, the proposed annual caps for the three years ending 31 December 2026 thereunder and other information prescribed by the Listing Rules; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advise from Kingsway Capital Limited to the Independent Board Committee and the Independent Shareholders; and (iv) notice of the EGM, to enable you to make informed decision on whether to vote for or against the resolutions to be proposed at the EGM.

The Group is mainly engaged in the polysilicon production and the construction and operation of PV and wind power projects. In terms of polysilicon production, as at 30 June 2023, the Group had polysilicon projects completed in Xinjiang Ganquanpu and Inner Mongolia Baotou bases with a total annual production capacity of 200,000 tons, and the first phase of 100,000-ton Polysilicon Project in Zhundong with an annual production capacity of 100,000 tons is under commissioning and ramping. In terms of the construction and operation of PV and wind power projects, the Group had the installed capacity of wind power and PV construction power station with recognized revenue of 1.02GW for the six months ended 30 June 2023 and installed capacity of operating power station under construction of exceed 1GW as at 30 June 2023. Under the global strategic background of “carbon emission peak and carbon neutrality”, in order to seize the rapid development opportunities in the new energy field and speed up the industry layout, the Group plans to further increase its annual polysilicon production capacity to 400,000 tons by constructing the second phase of 100,000-ton Polysilicon Project in Zhundong and increase the construction and operation scale of PV and wind power stations during the period from 2024 to 2026. Therefore, the Group proposes to renew the continuing connected transactions for the procurement of products, coal and miscellaneous services from TBEA Group and Xinjiang tebian Group.

Due to the needs of TBEA Group to increase its high-purity aluminum production capacity and promote smart microgrids and new energy power stations for generation, grid, load and energy storage in industrial parks, by leveraging the Group’s scale advantage and bargaining power in raw materials sourcing, spare production capacity of chemical raw materials and industrial water, as well as its strengths in new energy power station design and construction and product manufacturing, the Group proposes to renew the continuing connected transactions for the sales of products and provision of miscellaneous services to TBEA Group.

In order to properly arrange funds and improve the utilization efficiency of funds, the Group proposes to renew the continuing connected transactions regarding the provision of Deposit Services by TBEA Finance to the Group.

LETTER FROM THE BOARD

A. RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

1. Product Procurement Framework Agreement with TBEA

1.1 Background of the transaction

The Company entered into the New Product Procurement Framework Agreement (TBEA) with TBEA on 17 October 2023, under which the Group will procure transformers (including ancillary equipment), wires, cables and other equipment from TBEA Group. The New Product Procurement Framework Agreement (TBEA) is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms and quality standards) on the basis of the normal commercial terms provided in the New Product Procurement Framework Agreement (TBEA).

1.2 Reasons for and benefits of the transaction

In view of the Group's past collaborating experience with TBEA Group, TBEA Group's power transmission and transformation products are in a leading position in the industry, and its products are of high quality. In recent years, the Company has used TBEA Group's products such as transformers, wires and cables in the construction and production of the polysilicon projects and PV and wind power station construction, which has well ensured the construction and production of polysilicon projects and the construction quality and long-term stable operations of PV and wind power stations. As such products are necessities of the Group's business operations, it will generally purchase relevant equipment through bidding, competitive negotiations, etc., and determine relevant prices in accordance with normal commercial terms and market conditions. At the same time, in the process of Group's tender or competitive negotiation, due to the relative edge on product price, quality, delivery schedule and payment terms, TBEA Group had obtained some orders.

LETTER FROM THE BOARD

2. Coal Procurement Framework Agreement with TBEA

2.1 Background of the transaction

The Company entered into the New Coal Procurement Framework Agreement with TBEA on 17 October 2023, under which TBEA Group will supply coal to the Company. According to the New Coal Procurement Framework Agreement, TBEA Group will provide coal for the Company's use in power generation of self-owned power plant for production of polysilicon. Transportation of the coal procured from TBEA Group will also be arranged by TBEA Group. The New Coal Procurement Framework Agreement is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms and quality standards) on the basis of the normal commercial terms provided in the New Coal Procurement Framework Agreement.

2.2 Reasons for and benefits of the transaction

Xinjiang Tianchi, a subsidiary of TBEA, owns two open pit coal mines with total coal reserves exceeding 12 billion tons and an approved annual production capacity of 74 million tons. The coal purchased by the Company is mainly used to generate electricity in its self-owned power plant for production of polysilicon. In the past production and operations, the Company mainly purchased coal from Xinjiang Tianchi, whose coal has obvious cost and price advantages, excellent quality, stable supply and a clear edge in scale.

3. Miscellaneous Services Framework Agreement with TBEA

3.1 Background of the transaction

The Company entered into the New Miscellaneous Services Framework Agreement (TBEA) with TBEA on 17 October 2023, under which TBEA Group will provide the Group with miscellaneous services, such as engineering construction and greenification services. The New Miscellaneous Services Framework Agreement (TBEA) is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in the New Miscellaneous Services Framework Agreement (TBEA).

LETTER FROM THE BOARD

3.2 Reasons for and benefits of the transaction

TBEA Group has constructed many power transmission and transformation full-package projects at home and overseas and has rich engineering construction experience. In the past production and operation, the miscellaneous services provided by TBEA Group to the Group were mainly the construction of transformers and step-up stations in polysilicon projects and PV and wind power projects. The construction of these projects is the key for the connection of polysilicon projects and PV and wind power stations to the main power grid. In addition, TBEA Group provides green plants planting and conservation services to the Group's three polysilicon production bases to create a sound production, office and living environment. The Group will purchase miscellaneous services by way of bidding and competitive negotiations, etc., and determine relevant prices in accordance with normal commercial terms and market conditions. The miscellaneous services provided by TBEA Group have a relatively strong edge in aspects such as price, construction quality, construction period, and service capacity, which meets the Group's requirements for Qualified Suppliers, and are more able to understand our needs for miscellaneous services compared to independent third parties.

4. Product and Service Sales Framework Agreement with TBEA

4.1 Background of the transaction

The Company entered into the New Product and Service Sales Framework Agreement with TBEA on 17 October 2023, under which the Group will provide TBEA Group with products and services, including industrial raw materials (e.g. silicon metal and liquid alkali), industrial water, inverters, etc., as well as services related to new energy power station construction engineering. The New Product and Service Sales Framework Agreement is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in the New Product and Service Sales Framework Agreement.

4.2 Reasons for and benefits of the transaction

Industrial raw materials such as silicon metal and liquid alkali, and industrial water are necessary to ensure the normal operation and production of TBEA Group. Due to daily operational needs, TBEA Group purchases the above-mentioned industrial raw materials, industrial water and other products from the Group. Silicon metal is the main raw material used by the Group for the production of polysilicon. With a large procurement volume and stable procurement channels, the

LETTER FROM THE BOARD

Group has certain bargaining power and is able to obtain a procurement price lower than market price. The Group produces chemical raw materials such as liquid alkali to support the production of polysilicon products, which have a certain surplus for external sales in addition to their own use. The Group has built a complete system for raw water treatment, where procured raw water is treated through sterilization, filtration and other processes for further use in industrial production. The system is capable of treating up to 60,000 cubic meters of raw water per day. In addition to satisfying the need for producing polysilicon for self-use, the Group still has some residual production capacity.

Meanwhile, in order to respond to the Implementation Plan for New-type Urbanization During the 14th Five-Year Period (「十四五」新型城鎮化實施方案) published by the National Development and Reform Commission of PRC, facilitate the green and low-carbon transformation of industrial and construction sectors, and advance the installation of solar photovoltaic systems on the rooftops of existing and newly-built buildings, thereby lowering the cost of power supply, TBEA Group plans to promote microgrid demonstration projects in more than 20 completed and newly-built industrial parks across the country in an orderly manner during the period from 2024 to 2026 by installing PV and energy storage systems on the rooftops of factories and office buildings, parking lots and other areas. In addition, in order to strengthen the management of carbon emissions and increase the proportion of “green power”, TBEA Group intends to invest in the construction of generation, grid, load and energy storage power stations to support industrial parks, so as to realize self-generation and self-consumption of new energy power. The Group intends to leverage its advantages in the design and construction of new energy power stations and smart microgrids, as well as the production of inverters and other products, to provide engineering services and sell products including inverters for the construction of smart microgrids and new energy power stations for generation, grid, load and energy storage in industrial parks for TBEA Group.

By selling of the aforementioned products and services to TBEA Group, the Group can take full advantage of the scale and bargaining power in raw material procurement and make use of the Group’s residual production capacity for industrial raw materials and industrial water, the production advantage of products such as inverters and the Group’s capability in engineering services in the field of the construction of new energy power stations to generate certain revenue for the Group.

LETTER FROM THE BOARD

5. Product Procurement Framework Agreement with Xinjiang Tebian

5.1 Background of the transaction

The Company entered into the New Product Procurement Framework Agreement (Xinjiang Tebian) with Xinjiang Tebian on 17 October 2023, under which the Group will procure products from Xinjiang Tebian Group, including towers and other electrical accessories. The New Product Procurement Framework Agreement (Xinjiang Tebian) is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in of the New Product Procurement Framework Agreement (Xinjiang Tebian).

5.2 Reasons for and benefits of the transaction

Xinjiang Tebian Group is a key manufacturer of mechanical and electrical products, transformer accessories and towers in the industry, which has tower production bases in Changji, Xinjiang, Baotou, Inner Mongolia and other places. It is expected that by the end of 2023, Xinjiang Tebian Group's annual production capacity of tower will reach 200,000 tons. In addition to supplying towers and electrical accessories to the Group, Xinjiang Tebian Group also supplies towers and electrical accessories to well-known power station construction enterprises in the new energy industry. Compared with other suppliers in the market, Xinjiang Tebian Group's products have certain competitiveness. Xinjiang Tebian Group has successively won tower orders from the Group for three consecutive years, providing a stable supply of products to the Group with high-quality. As such products are necessities of the Group's business operations, it will generally purchase towers and electrical accessories through bidding, competitive negotiations, etc., and determine relevant prices in accordance with normal commercial terms and market conditions. At the same time, in the process of Group's tender or competitive negotiation, due to the relative edge on product price, quality, delivery schedule and payment terms, Xinjiang Tebian Group obtained some orders.

6. Miscellaneous Services Framework Agreement with Xinjiang Tebian

6.1 Background of the transaction

The Company entered into the New Miscellaneous Services Framework Agreement (Xinjiang Tebian) with Xinjiang Tebian on 17 October 2023, under which Xinjiang Tebian Group will provide miscellaneous services (including engineering labour services, installation of electricity

LETTER FROM THE BOARD

and gas facilities) to the Group. The New Miscellaneous Services Framework Agreement (Xinjiang Tebian) is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in the New Miscellaneous Services Framework Agreement (Xinjiang Tebian).

6.2 Reasons for and benefits of the transaction

Xinjiang Tebian Group possesses rich experience in installations of civil works infrastructure and houses and buildings construction and renovation, and consistently provides quality ancillary services in civil works infrastructure construction, renovation and installation. In recent years, such services are also required for the construction of preparatory works, peripheral walls and complex buildings of polysilicon projects and PV and wind power stations and installation of electricity and gas facilities of the Group, and the Group will procure the miscellaneous services through bidding, competitive negotiations, etc. By virtue of the high quality of provided services and competitive prices, Xinjiang Tebian Group have participated in part of the tenders or competitive negotiations and obtained orders in the past.

7. Financial Services Framework Agreement with TBEA Finance

7.1 Background of the transaction

The Company entered into the New Financial Services Framework Agreement with TBEA Finance on 17 October 2023, under which TBEA Finance will provide the Group with deposit services. The New Financial Services Framework Agreement is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions on the basis of the normal commercial terms provided in the New Financial Services Framework Agreement.

LETTER FROM THE BOARD

7.2 Reasons for and benefits of the transaction

TBEA Finance is regulated by the People's Bank of China and the NFRA, and shall provide services in accordance with and in compliance with the rules and operational requirements of such regulatory authorities. TBEA Finance has adopted internal control and risk management measures to mitigate fund risks and guarantee fund safety, thereby protecting the overall interests of the Group. With the continuous business scale expansion, as the Group's capital size will remain relatively large, it is particularly important to improve the capital utilization rate. The interest rate offered by TBEA Finance to the Group for the Deposit Services is the same or more favourable than those offered by other Major Cooperative Commercial Banks in the PRC to the Group. The Group may obtain the financial services from TBEA Finance on more favorable terms, which enables the Group to secure deposit interest rates equal to or higher than those available in the market, thereby increasing interest income on deposits, and helping improve the overall standard of fund operation of the Group.

Furthermore, as a professional platform for centralized fund management, TBEA Finance will have stronger bargaining power for commercial banks after collecting the deposits of all member companies of TBEA Group and depositing them together at TBEA Finance's cooperative banks. The scale of collective deposit from the TBEA Group will be much larger than the single deposit of any member company in the TBEA Group which enables a much higher deposit interest rate. Hence, TBEA Finance will be able to provide the Group with more competitive interest rates than those offered by the Major Cooperative Commercial Banks. As a subsidiary of TBEA, TBEA Finance has a more thorough understanding of the Group's operations as compared to the Major Cooperative Commercial Banks and other financial institutions. TBEA Finance is familiar with the capital structure, business operation, financing needs, mode of cash flow and cash management of the Group, as well as the Group's entire financial management system, enabling TBEA Finance to communicate with the Group more efficiently to cater for its needs, as well as serving the Group in a more convenient and efficient manner than other commercial banks in the PRC. Therefore, TBEA Finance will be at an advantageous position to provide the Group with more appropriate, effective and flexible services as compared to the Major Cooperative Commercial Banks. The New Financial Services Framework Agreement is non-exclusive, with no restrictions on the Group's decision to select other commercial banks or financial institutions, and TBEA Finance is only one of the many financial institutions which offers financial services to the Group. Having the ability to choose for other financial services provider, the Group can encourage other financial services providers to provide more competitive terms for financial services.

Save as the Group's provision of services related to new energy power station construction engineering to TBEA Group under the New Product and Service Sales Framework Agreement disclosed in paragraph 4 above, the pricing principles for Deposit Services under the Financial

LETTER FROM THE BOARD

Services Framework Agreement with TBEA Finance disclosed in paragraph 8.4 below, and the proposed annual caps, the major terms and pricing principles under each of the New Framework Agreements remain in line with the respective Existing Framework Agreements.

8. Pricing Principles

8.1 The New Product Procurement Framework Agreement (TBEA), New Product Procurement Framework Agreement (Xinjiang Tebian), New Miscellaneous Services Framework Agreement (TBEA) and New Miscellaneous Services Framework Agreement (Xinjiang Tebian)

As no price stipulated by the government or guiding price is available, to ensure that the terms and prices provided by TBEA Group and Xinjiang Tebian Group are fair and reasonable and in line with market practices, the Group has and will continue to adopt the following tender and competitive negotiation process and principles to determine whether products and miscellaneous services shall be procured from TBEA Group or Xinjiang Tebian Group:

- Business departments of the Group will on the basis of their business needs submit procurement needs to the Company's procurement department.
- Once the Company's procurement department receives the procurement needs, the bidding department of the Company will on the basis of the procurement needs extend the tender invitation to Qualified Suppliers to invite them to participate in bidding and competitive negotiations. For further details on the Company's assessment standards for Qualified Suppliers, please refer to the section headed "Assessment of Qualified Suppliers".
- Based on the Company's internal bidding procedure requirements, it will invite no less than five suppliers to participate in bidding. When there are no less than three assessable tenders, the Company will start the assessment process. It is rather rare to have less than five suppliers to participate in bidding or to have less than three assessable tenders, which normally happens during the biddings for the procurement of special equipment or miscellaneous services with technical complexity, expertise requirements or relatively tight delivery schedule for providing such special equipment and miscellaneous services. For certain construction projects of new energy power stations, the customers have their own qualified supplier list, which limits the number of participants of the bidding. In the above circumstances, the Group will conduct negotiations with the tenderers to determine the price by referring to the historical purchase price and the quotation of products and miscellaneous services provided by the tenderers to other comparable enterprises.

LETTER FROM THE BOARD

- The bid assessment committee, which consists of senior management from the bidding department (including the bidding and supply chain management department), the supervisory department (including the finance, legal and audit departments), the engineering department, the technical department, and other senior management staff (including the general manager, deputy general manager(s) and the chief accountant (excluding Connected Persons), and representatives from the department which made the initial procurement needs) will consider factors such as product features and quality requirements, in order to consider the tender which best fits business needs and satisfies the tender requirements.
- Based on the foregoing factors, the bid assessment committee (focused only on bid assessment) will assess the tender and make the final decision to accept the tender. For further details on the assessment procedures, please refer to the section headed “Assessment Factors and Process” below.
- Once a tender is chosen, the bidding department of the Company will contact the bidder and negotiate miscellaneous terms of the agreement. However, the price and quality terms of the products will not be further discussed, and the original bidding terms will be adopted in the final contract. Once the terms are finalised, the Company will enter into a contract with the supplier and arrange for delivery of the product. The entire bidding process generally takes five to seven days.

8.2 The New Coal Procurement Framework Agreement

To ensure that the coal procurement terms provided by TBEA Group are fair and reasonable and in line with market practices, the Company has and will continue to adopt the following measures and principles to determine the coal procurement prices:

- The final coal supplier will be determined after considering multiple factors, including whether the coal supplied comply with the coal quality requirements of the furnace used in the Company’s self-owned power plant, prices, supplier distance, transportation costs, supplier’s scale, supplier’s management and whether the supplier can provide sufficient and stable supplies.
- The Company will collect sale price data from different coal suppliers located in the same or neighbouring regions who are able to provide coal which meets the requirements of the Company’s standards. As at Latest Practicable Date, there are four qualified suppliers which can provide coal that meet the requirements of the Company’s standards.

LETTER FROM THE BOARD

- Through conducting fair negotiations with coal suppliers (including independent third-parties), the Company can determine a reasonable procurement price for the procurement of coal.

8.3 The New Product and Service Sales Framework Agreement

- (i) The prices of industrial raw materials (such as silicon metal, liquid alkali), inverters and other products are determined with reference to the quantity and quality of the comparable orders, and the prices of the same or similar products provided by the Group to independent third party customers. If no comparable orders are available, the prices are determined with reference to the equivalent prevailing market prices of the same or similar products on the industry websites, if any;
- (ii) The price of industrial water shall be determined with reference to the quotation of urban tap water provided by Urumqi Water Industry Group Co., Ltd.* (烏魯木齊水業集團有限公司), which is a large-scale wholly state-owned enterprise in Urumqi, Xinjiang and is responsible for the operation and management of the diversion, storage and supply of most of the surface and underground water in Urumqi. Urumqi Water Industry Group Co., Ltd.'s quotation is determined in accordance with the Urumqi Water Supply Price Standard Announcement* (烏魯木齊市供水價格標準公告) announced by the Urumqi Municipal People's Government, as adjusted from time to time, and considered as the representative price of local industrial water. It is in line with market practice to regard it as the price benchmark; and
- (iii) The prices of the construction engineering services related to new energy power stations are determined with reference to the prices of the same or similar services provided by the Group to independent third parties, and also with comprehensive reference to the technical difficulty of the specific projects, the scale of the power stations and the construction plans.

8.4 The New Financial Services Framework Agreement

The deposits placed by the Group with TBEA Finance shall not bear an interest rate that is lower than (i) the deposit interest rates offered by other Major Cooperative Commercial Banks in the PRC⁽¹⁾; and (ii) the deposit interest rates offered by TBEA Finance to any member companies (excluding the Group) in the TBEA with same credit ratings for comparable deposits for the same term, if applicable.

LETTER FROM THE BOARD

Note:

- (1) In September 2013, the PRC Self-Regulatory Mechanism for the Pricing of Market-Oriented Interest Rates (the “**Self-regulatory Mechanism**”) was established. The Self-regulatory Mechanism is subject to the guidance, supervision and management of the People’s Bank of China (the “**PBOC**”). Subject to the relevant national regulations on interest rate management, it conducts self-regulation management on interest rates in the money market, credit market and other financial markets which are determined independently by market players, so as to promote the relevant market players to improve their independent pricing ability and enhance the level of financial services. With the continuous improvement in the Self-regulatory Mechanism, the PBOC has ceased to update the benchmark interest rate for RMB deposits of financial institutions since October 2015.

In April 2022, the PBOC guided the Self-regulatory Mechanism to establish a market-based adjustment mechanism for deposit interest rates, guiding member banks of the Self-regulatory Mechanism to reasonably adjust deposit interest rates based on changes in market interest rates, so as to further improve their market-based pricing capabilities for deposit interest rates, and maintain a benignly competitive order in the deposit market.

Therefore, the interest rate of deposits placed by the Group with TBEA Finance with reference to the deposit interest rates offered by other Major Cooperative Commercial Banks complies with the relevant principles of the Self-regulatory Mechanism.

9. Historical Transaction Amounts under the Existing Framework Agreements

The Group’s historical transaction amounts for transactions conducted pursuant to the Existing TBEA Framework Agreements are as follows:

	Year ended 31 December		For the nine months period ended 30 September
	2021	2022	2023
	(RMB million)	(RMB million)	(RMB million)
Amount of products purchased by the Group from TBEA Group	615	1,465	417
Historical annual caps for products purchased by the Group from TBEA Group	1,600	1,600	1,600
Utilization rate (%)	38.4%	91.6%	26.1%

LETTER FROM THE BOARD

	Year ended 31 December		For the nine months period ended 30 September
	2021	2022	2023
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Amount of coal purchased by the Group from TBEA Group (including transportation cost)	391	501	392
Historical annual caps for coal purchased by the Group from TBEA Group (including transportation cost)	500	600	750
Utilization rate (%)	78.2%	83.5%	52.3%
Amount of miscellaneous services purchased by the Group from TBEA Group	54	256	84
Historical annual caps for miscellaneous services purchased by the Group from TBEA Group	500	500	900
Utilization rate (%)	10.8%	51.2%	9.3%
Amount of products sold by the Group to TBEA Group	98	86	68
Historical annual caps for products sold by the Group to TBEA Group	100	200	200
Utilization rate (%)	98.0%	43.0%	34.0%
Total transaction amount with TBEA Group (tax exclusive)	1,158	2,308	961
Aggregate annual caps (tax exclusive)	2,700	2,900	3,450
Utilization rate (%)	42.9%	79.6%	27.9%

Note: It is expected that the purchase volumes of the products and miscellaneous services by the Group will increase significantly in the fourth quarter of 2023, which is the peak period for new energy power stations construction and equipment procurement.

LETTER FROM THE BOARD

The Group's historical transaction amounts for transactions conducted pursuant to the Existing Xinjiang Tebian Framework Agreements are as follows:

	Year ended 31 December		For the nine months period ended
	2021	2022	30 September
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Amount of products purchased by the Group from Xinjiang Tebian Group	33	329	41
Historical annual caps for products purchased by the Group from Xinjiang Tebian Group	400	500	600
Utilization rate (%)	8.3%	65.8%	6.8%
Amount of miscellaneous services purchased by the Group from Xinjiang Tebian Group	304	346	245
Historical annual caps for miscellaneous services purchased by the Group from Xinjiang Tebian Group	500	700	700
Utilization rate (%)	60.8%	49.4%	35.0%
Total transaction amount with Xinjiang Tebian Group (tax exclusive)	337	675	286
Aggregate annual cap (tax exclusive)	900	1,200	1,300
Utilization rate (%)	<u>37.4%</u>	<u>56.3%</u>	<u>22.0%</u>

Note: It is expected that the purchase volumes of the products and miscellaneous services by the Group will increase significantly in the fourth quarter of 2023, which is the peak period for new energy power stations construction and equipment procurement.

LETTER FROM THE BOARD

The Group's historical transaction amounts for transactions conducted pursuant to the Existing Financial Services Framework Agreement are as follows:

	Year ended 31 December		For the nine months period ended
	2021	2022	30 September 2023
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Deposit Services (Daily maximum deposit balance (including accrued interest))	2,546	2,997	2,998
Historical annual caps for Deposit Services (Daily maximum deposit balance (including accrued interest))	3,000	3,000	3,000
Utilization rate (%)	<u>84.9%</u>	<u>99.9%</u>	<u>99.9%</u>

As the occurrence of the transactions, except for the Deposit Services, was subject to the results of bidding and competitive negotiations, TBEA Group and Xinjiang Tebian Group did not win certain bids due to their less favorable terms, conditions or prices or mismatched delivery schedule, when compared with other qualified suppliers, and the Group therefore did not enter into transactions with them. In addition, due to factors such as market environment, pre-project preparation and actual financial position, the Group has postponed certain projects construction, such as the second phase of 100,000-ton Polysilicon Project in Zhudong and certain wind power and PV station projects, resulting in the fluctuations in the historical transaction amounts and low utilization rates of certain historical annual caps for the three years ending 2023.

LETTER FROM THE BOARD

10. Annual Caps under the New Framework Agreements

10.1 New TBEA Framework Agreements

The proposed annual caps with respect to the New TBEA Framework Agreements for the three years ending 31 December 2026 are as follows:

	Year ending 31 December		
	2024	2025	2026
	(RMB million)	(RMB million)	(RMB million)
Amount of products purchased by the Group from TBEA Group	1,500	1,300	1,100
Amount of coal purchased by the Group from TBEA Group (including transportation cost)	750	750	750
Amount of miscellaneous services purchased by the Group from TBEA Group	700	450	450
Amount of products and services sold by the Group to TBEA Group	<u>400</u>	<u>400</u>	<u>400</u>
Total annual caps for transactions with TBEA Group (tax exclusive)	<u>3,350</u>	<u>2,900</u>	<u>2,700</u>

New Product Procurement Framework Agreement (TBEA)

The management of the Company has taken into account the following factors when determining the proposed annual caps under the New Product Procurement Framework Agreement (TBEA):

- (i) Under the global strategic background of “carbon emission peak and carbon neutrality”, the Group grasped the rapid development opportunities in the new energy field, sped up the industry layout and implemented the 200,000-ton Polysilicon Project in Zhundong with a total investment amount of approximately RMB17.6 billion, which has a construction period of 24 months in two phases. The first phase, namely the first phase of 100,000-ton Polysilicon Project in Zhundong, has been completed in mid-2023 and is currently undergoing commissioning and ramping, which is expected to reach production in the fourth

LETTER FROM THE BOARD

quarter of 2023. Based on the operation status of the first phase of 100,000-ton Polysilicon Project in Zhundong and market conditions, the second phase, namely the second phase of 100,000-ton Polysilicon Project in Zhundong, may commence construction in 2024. Based on statistics of the first phase of 100,000-ton Polysilicon Project in Zhundong completed, the total procurement amount of transformers, wires, cables, switch enclosures and other products from TBEA Group by way of bidding and competitive negotiations reached approximately RMB835 million. Therefore, the Group expects that the total procurement amount of transformers, wires, cables and other products from TBEA Group for the second phase of 100,000-ton Polysilicon Project in Zhundong will be approximately RMB800 million, of which based on the construction progress, the procurement amount is expected to be approximately RMB600 million and RMB200 million in 2024 and 2025, respectively.

- (ii) Meanwhile, the Group's installed capacity of wind power and PV construction power stations with recognized revenue was approximately 1.02GW for the six months ended 30 June 2023, and the installed capacity of wind power and PV operating power stations under construction exceeded 1GW as at 30 June 2023. It is expected that, the Groups's total installed capacity of construction and operating wind power and PV power stations will exceed 3GW for the year 2023 and further increase to 3-4GW in 2024, representing a maximum increase of approximately 33.3% compared to that in 2023. The newly installed capacity of wind power and PV projects is expected to have an further increase of approximately 25% in 2025, and the business scale will remain stable in 2026 as compared to that in 2025. The Group also plans to increase the allocation of new energy resources around its polysilicon production bases and to build a 2GW wind power station in 2024. Therefore, the Group expects to purchase products such as transformers, wires and cables from TBEA Group in the amount of approximately RMB800 million, RMB1 billion and RMB1 billion in each of 2024, 2025 and 2026.
- (iii) In addition, the total amount of transformers, wires, cables and other products purchased by the three polysilicon production bases of the Group located in Xinjiang Ganquanpu, Xinjiang Zhundong and Inner Mongolia Baotou for their daily production and operation is approximately RMB60 million per annum.

In determining the proposed annual caps, the Group has also considered the Group and TBEA Group's historical transaction amounts of product procurement, the new polysilicon production capacity planning and the planned scale of PV and wind power station construction. Nonetheless, if an independent third party provides similar products with more favourable terms, conditions or prices, the Group's bidding department will base on the

LETTER FROM THE BOARD

Group's internal guidelines and bid assessment standards to select the bid and source the products from such independent third party. Thus, the actual amount of products procured may be lower than the proposed annual caps.

New Coal Procurement Framework Agreement

The management of the Company has taken into account the following factors when determining the proposed annual caps under the New Coal Procurement Framework Agreement:

Due to the supply and demand imbalance in the coal market and the price of coal in Xinjiang has been increasing since the fourth quarter of 2021, TBEA Group had increased its coal sales price (including transportation fee) since October 2021. At the same time, as the Group's polysilicon production increased significantly due to the completion of the 34,000 tons/year technical transformation project of polysilicon production line in the Xinjiang Ganquanpu base in the second quarter of 2022, the electricity demand for polysilicon production, which is mainly generated by the Company's self-owned power plants, has been increasing, resulting in an increase in the Company's coal procurement demand. Currently, the Company's polysilicon production base in Xinjiang Ganquanpu has an annual production capacity of 100,000 tons and more than 60% of its electricity consumption is supplied by a 2 × 350MW self-owned power plant. Due to the stable demand for electricity, the self-owned power plant will remain in full load operation and the coal demand will be relatively stable. In addition, due to the winter heating demand, it is expected that the Group's purchase amount of coal will increase in the fourth quarter of 2023 amounting to approximately RMB290 million, and the annual purchase amount is expected to be RMB680 million in 2023. Taking into account the above historical factors, the expected amount of coal needed for the Company's self-owned power plants, prices, transportation fee in the future and a buffer of 10% to cater for any additional demand, it is expected that the amount of coal (including transportation cost) to be procured from Xinjiang Tianchi will be approximately RMB750 million for each year from 2024 to 2026.

When determining the proposed annual caps, the Company considers the Company and Xinjiang Tianchi's historical transaction amounts of coal procurement, also takes into account factors such as the coal demand of the self-owned power plant, coal prices and transportation costs to determine the maximum procurement cost. Nonetheless, if an independent third party provides similar coal with more favourable transportation costs than those provided by TBEA Group, the Company's procurement department will procure coal from the independent third party. Thus, the actual amount of coal procurement may be lower than the proposed annual caps.

LETTER FROM THE BOARD

New Miscellaneous Services Framework Agreement (TBEA)

The management of the Company has taken into account the following factors when determining the proposed annual caps under the New Miscellaneous Services Framework Agreement (TBEA):

- (i) According to the construction plan, the Group will invest in the construction of one 220kV substation and one 10kV substation in 2024 to meet the electricity demand of the second phase of 100,000-ton Polysilicon Project in Zhundong. Based on statistics of the first phase of 100,000-ton Polysilicon Project in Zhundong completed, the amount of substation project construction by TBEA Group determined through bidding reached approximately RMB300 million. Therefore, the Group expects that the total procurement amount of miscellaneous services from TBEA Group for the substation project of the second phase of 100,000-ton Polysilicon Project in Zhundong will be approximately RMB300 million in 2024.
- (ii) Meanwhile, as a leader in the new energy industry, the Group's newly installed capacity of wind power and PV projects is expected to be 3–4GW in 2024, with an increase of approximately 25% in 2025, and its business scale will remain stable in 2026 as compared to that in 2025. Therefore, the Group expects to purchase miscellaneous services from TBEA Group in the amount of RMB300 million, RMB375 million and RMB375 million in 2024, 2025 and 2026, respectively.
- (iii) In addition, the total amount of miscellaneous services purchased by the three polysilicon production bases of the Group located in Xinjiang Ganquanpu, Xinjiang Zhundong and Inner Mongolia Baotou for their daily production and operation is approximately RMB60 million per annum.

When determining the proposed annual caps, the Group has taken into account the historical amounts incurred for miscellaneous services between the Group and TBEA Group, the new polysilicon production capacity planning and the planned scale of PV and wind power station construction. Nonetheless, if any independent third party provides similar services with more favourable terms, conditions or prices than those provided by TBEA Group, then the Group's bidding department will base on the Group's internal guidelines and bid assessment standards to select the bid and source the miscellaneous services from the independent third party. Thus, the actual amount of miscellaneous services procurement may be lower than the proposed annual caps.

LETTER FROM THE BOARD

New Product and Service Sales Framework Agreement

The management of the Company has taken into account the following factors when determining the proposed annual caps under the New Product and Service Sales Framework Agreement:

- (i) The demand for industrial raw materials such as metal silicon, liquid chlorine, and liquid alkali, as well as industrial water consumption by Xinjiang Joinworld, a subsidiary of TBEA, has increased due to its new investments in the construction of a high-purity aluminum related project to expand production capacity. Based on the historical data for industrial raw materials and industrial water sold by the Group to Xinjiang Joinworld, and taking into account Xinjiang Joinworld's new production capacity plan in future, the Group estimates that the total amount of products to be sold to TBEA Group for each year from 2024 to 2026 will be approximately RMB200 million.
- (ii) In order to meet the needs of green and low-carbon transformation, TBEA Group plans to promote microgrid demonstration projects in more than 20 completed and newly-built industrial parks across the country in an orderly manner during the period from 2024 to 2026, and intends to invest in the construction of generation, grid, load and energy storage power stations to support industrial parks, so as to realize self-generation and self-consumption of new energy power. The Group intends to leverage its advantages in the design and construction of new energy power stations and smart microgrids, as well as the production of inverters and other products, to provide engineering services and product sales for the construction of smart microgrids and new energy power stations for generation, grid, load and energy storage in industrial parks for TBEA Group. It is expected that sales in respect of the products and services to be provided by the Group to TBEA Group will be approximately RMB200 million for each year from 2024 to 2026.

In determining the proposed annual caps, the Group has considered the historical transaction amounts between the Group and TBEA Group; market prices of industrial raw materials and industrial water, inverters and other products; and the future business development needs of TBEA Group.

LETTER FROM THE BOARD

10.2 New Xinjiang Tebian Framework Agreements

The annual caps with respect to the New Xinjiang Tebian Framework Agreements for the three years ending 31 December 2026 are as follows:

	Year ending 31 December		
	2024	2025	2026
	(RMB million)	(RMB million)	(RMB million)
Amount of products purchased by the Group from Xinjiang Tebian Group	600	400	400
Amount of miscellaneous services purchased by the Group from Xinjiang Tebian Group	500	400	400
Total annual caps for transactions with Xinjiang Tebian Group (tax exclusive)	1,100	800	800

New Product Procurement Framework Agreement (Xinjiang Tebian)

The management of the Company has taken into account the following factors when determining the proposed annual caps under the New Product Procurement Framework Agreement (Xinjiang Tebian):

- (i) In order to support the new model of green circular industrial chain development in the places where the Group's polysilicon production bases are located, assist the local government to build a modern energy economic system supported by new energy and strategic emerging industries and move towards a new stage of green, low-carbon and high-quality development, the Group plans to increase the allocation of new energy resources around its polysilicon production bases and build a 2GW wind power station in 2024. Tower is a kind of large-scale special equipment, which is relatively difficult to transport and therefore its sales radius is restricted. Xinjiang Tebian Group's tower production base is relatively close to the Group's proposed wind power base, with an obvious locational advantage. Therefore, it is expected that the Group will purchase towers in the amount of no more than RMB300 million from Xinjiang Tebian Group in 2024.

LETTER FROM THE BOARD

- (ii) Meanwhile, as a leader in the new energy industry, the Group's newly installed capacity of wind power stations is expected to be approximately 1.5–2GW in 2024, in addition to the 2GW wind power station supporting the polysilicon base, with an increase of approximately 25% in 2025, and its business scale will remain stable in 2026 as compared to that in 2025. Therefore, it is expected that the total amount of additional tower and other electrical accessories to be procured by the Group from Xinjiang Tebian Group from 2024 to 2026 will be approximately RMB300 million, RMB400 million and RMB400 million respectively.

In determining the proposed annual caps, the Group has taken into account historical transaction amounts between the Group and Xinjiang Tebian Group as well as the planned scale of wind power station construction. Nonetheless, if an independent third party provides similar products with more favourable terms, conditions or prices than those provided by Xinjiang Tebian Group, then the Group's bidding department will base on the Group's internal guidelines and bid assessment standards to select the bid and source the products from the independent third party. Thus, the actual amount of product procurement may be lower than the proposed annual caps.

New Miscellaneous Services Framework Agreement (Xinjiang Tebian)

The management of the Company has taken into account the following factors when determining the proposed annual caps under the New Miscellaneous Services Framework Agreement (Xinjiang Tebian):

- (i) According to statistics of the first phase of 100,000-ton Polysilicon Project in Zhundong completed, its procurement amount of miscellaneous services such as roads, peripheral walls infrastructure, and factory front area renovation from Xinjiang Tebian Group by way of bidding reached approximately RMB230 million. Since the second phase of 100,000-ton Polysilicon Project in Zhundong and the first phase of 100,000-ton Polysilicon Project in Zhundong will share certain roads, peripheral walls and factory front areas, therefore the amount of new miscellaneous engineering for the second phase of 100,000-ton Polysilicon Project in Zhundong will decrease as compared to that for the first phase of 100,000-ton Polysilicon Project in Zhundong. It is expected that it will procure miscellaneous services from Xinjiang Tebian Group in the amount of approximately RMB100 million in 2024.
- (ii) Meanwhile, as a leader in the new energy industry, the Company's newly installed capacity of wind and PV power stations is expected to be approximately 3–4GW in 2024, with an increase of approximately 25% in 2025, and its business scale will remain stable in 2026 as compared to that in 2025. The total amount of

LETTER FROM THE BOARD

miscellaneous services procured from Xinjiang Tebian Group for each year from 2024 to 2026 is expected to be approximately RMB300 million, RMB375 million and RMB375 million, respectively.

- (iii) In addition, the total amount of miscellaneous services to be purchased from Xinjiang Tebian Group for the daily production and operation of the three polysilicon production bases of the Company located in Xinjiang Ganquanpu, Xinjiang Zhudong and Inner Mongolia Baotou is expected to be approximately RMB50 million for each year from 2024 to 2026.

In determining the proposed annual caps, the Group has taken into account the historical transaction amounts between the Group and Xinjiang Tebian Group, the new polysilicon production capacity planning and the planned scale of PV and wind power station construction. Nonetheless, if an independent third party provides similar services with more favourable terms, conditions or prices than those provided by Xinjiang Tebian Group, the Group's procurement department will base on the Group's internal guidelines and bid assessment standards to select the bid and source the miscellaneous services from the independent third party. Thus, the actual amount and value of miscellaneous services procured may be lower than the proposed annual caps.

10.3 New Financial Services Framework Agreement

The proposed annual caps with respect to the New Financial Services Framework Agreement for the three years ending 31 December 2026 are as follows:

	Year ending 31 December		
	2024	2025	2026
	(RMB million)	(RMB million)	(RMB million)
Deposit Services (Daily maximum deposit balance (including accrued interest))	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>

In determining the proposed annual caps for the Deposit Services contemplated under the New Financial Services Framework Agreement, the Company has considered the following factors: (i) the highest daily balances (including accrued interest) of the deposits placed by the Group with TBEA Finance, which were approximately RMB2,546 million, RMB2,997 million and RMB2,998 million in 2021, 2022 and the nine months ended 30 September 2023, respectively; (ii) the concentration of deposits placed by the Group with certain Major Cooperative Commercial Banks

LETTER FROM THE BOARD

with close cooperation is relatively stable; (iii) the expected level of monetary funds, which is relatively stable according to the demands of the Group's business development plan for capital and different financial services businesses in the next three years; and (iv) the Group's future financing plans and related deposit interests, etc.

11. Board Confirmation

As of the Latest Practicable Date, each of Mr. Zhang Xin, a Director, Mr. Huang Hanjie, a Director and Ms. Guo Junxiang, a Director holds positions at and/or interests in TBEA and/or TBEA Finance, and they are deemed to have material interest and have abstained from voting at the Board meeting with respect to the review and approval of the transactions concerning the New TBEA Framework Agreements and the New Financial Services Framework Agreement. Mr. Zhang Xin, holds a position at and/or holds an interest in Xinjiang Tebian, and he is deemed to have material interest and has abstained from voting at the Board meeting with respect to the review and approval of the transactions concerning the New Xinjiang Tebian Framework Agreements. The Directors (excluding Directors required to abstain, and the independent non-executive Directors, who will express their opinion after taking into account the recommendations of the Independent Financial Adviser) are of the view that the New TBEA Framework Agreements, the New Xinjiang Tebian Framework Agreements and the New Financial Services Framework Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Save for the disclosed above, none of the Directors have any material interests in the New TBEA Framework Agreements, the New Xinjiang Tebian Framework Agreements and the New Financial Services Framework Agreement and the transactions contemplated thereunder.

12. Listing Rules Implications

TBEA is directly and indirectly interested in approximately 64.52% of the total issued share capital of the Company, and is thus the Controlling Shareholder of the Company. Accordingly, TBEA is a Connected Person of the Company, and the transactions conducted between the Group and TBEA Group constitute Connected Transactions of the Company.

Xinjiang Tebian is a 30%-controlled company held by Mr. Zhang Xin, a Director. Therefore, Xinjiang Tebian is a Connected Person of the Company. Accordingly, the transactions conducted between the Group and Xinjiang Tebian Group constitute Connected Transactions of the Company.

LETTER FROM THE BOARD

TBEA directly and indirectly holds approximately 99.18% of the equity interests in TBEA Finance. Therefore, TBEA Finance, being a subsidiary of TBEA, is a Connected Person of the Company, and the transactions conducted between the Group and TBEA Finance constitute Connected Transactions of the Company.

As (i) TBEA is the Controlling Shareholder of the Company, TBEA Group is a Connected Person of the Company and (ii) the New TBEA Framework Agreements are entered into between the same parties, the transactions contemplated thereunder are required to be aggregated and treated as if one transaction pursuant to Rule 14A.81 of the Listing Rules. Accordingly, the annual caps under the New TBEA Framework Agreements are aggregated and used when calculating the relevant percentage ratios. As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the New TBEA Framework Agreements (as aggregated) calculated according to Rule 14.07 of the Listing Rules exceeds 5%, the proposed annual caps are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements as set out under Chapter 14A of the Listing Rules.

As (i) Xinjiang Tebian is a 30%-controlled company held by Mr. Zhang Xin, a Director, Xinjiang Tebian is a Connected Person of the Company and (ii) the New Xinjiang Tebian Framework Agreements are entered into between the same parties, the transactions contemplated thereunder are required to be aggregated and treated as if one transaction pursuant to Rule 14A.81 of the Listing Rules. Accordingly, the annual caps under the New Xinjiang Tebian Framework Agreements are aggregated and used when calculating the relevant percentage ratios. As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the New Xinjiang Tebian Framework Agreements (as aggregated) calculated according to Rule 14.07 of the Listing Rules exceeds 5%, the proposed annual caps are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements as set out under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps of the Deposit Services under the New Financial Services Framework Agreement exceeds 5% but is less than 25%, the Deposit Services under the New Financial Services Framework Agreement constitutes a discloseable transaction and a non-exempt Continuing Connected Transaction of the Company, and is subject to the announcement requirement under Chapter 14 of the Listing Rules and the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

13. Assessment of Qualified Suppliers

The Qualified Suppliers assessment committee of the Company's bidding department will conduct regular assessments of the suppliers on the Qualified Suppliers list. The Company's bidding department is responsible for seeking Qualified Suppliers according to the Company's needs, and collect market data (including price trends of raw materials of the relevant products) from the Qualified Suppliers for conducting industrial studies. New suppliers may approach the Group with a Qualified Supplier Application, which would put their company on the qualified list for tender and bidding considerations. Upon receiving a Qualified Supplier Application, the bidding department will send a requirement list and collect background information of the applicant. Suppliers shall submit their applications through the information platform according to supplier management regulations, including product specifications and price range for new applicants.

The relevant supplier assessment committee of the Company (including the bidding department, the finance department, the quality department, the engineering management department and the works monitoring department), the procurement department and the technical department will consider applications on the basis of technical level and standards assessments, and will arrange on-site inspections, to conduct further due diligence, and suppliers who satisfy such conditions will be added to the Company's Qualified Suppliers list. From the Qualified Suppliers list, the Group will invite not less than five Qualified Suppliers (except for cases where there are less than 5 companies in the industry that meet the requirements) to participate in each bidding. The Company will consider the following factors in selecting the five Qualified Suppliers to participate in bidding, including their ability to satisfy specific requirements of procurement orders, geographical location, transportation costs and time, in order to determine whether procurement volumes can be satisfied on time, so as to avoid risks with delays.

At the end of each year, the Company will conduct an assessment of existing Qualified Suppliers and new suppliers who made successful bids in the tender process. The Qualified Suppliers assessment committee will ensure that all Qualified Suppliers and suppliers on the Qualified Suppliers list possess the necessary bidding qualifications. As at Latest Practicable Date, there are 12,158 existing suppliers under the Qualified Suppliers List, of which 8,814 are product suppliers and 3,344 are miscellaneous service suppliers.

14. Assessment Factors and Process

In order to assess the best tender that can satisfy the business needs of the Company, the bid assessment committee of the Company will assess the tenders according to internal guidelines and bid assessment weights. The Company will consider the tender prices to maintain actual cost control. If bid prices of similar ranges are made by different suppliers, the Company will also

LETTER FROM THE BOARD

consider other factors such as product quality, supplier background, warranty terms and period, product rate of return, timely delivery and payment terms. Please refer to the following for the Company's internal guidelines and bid assessment weights.

Factor	Weight	Assessment standards and procedures
Price	30–40%	The lowest bid price among suppliers is set as the benchmark price, and for every percentage point the bid price is higher than the benchmark price, 2 points will be deducted.
Technical level, safety and quality	50–60%	<ul style="list-style-type: none">• Whether product specifications and service standards satisfy technical requirements;• Whether products and miscellaneous services satisfy the Group's commitment to delivery time;• Whether the bidder has obtained the necessary quality accreditation;• Whether the bidder's tender contains preferential commitments such as equipment, payment, and construction period; and• Whether the supplier can timely discover and resolve the Company's questions and difficulties, and provide excellent after-sale services.

LETTER FROM THE BOARD

Factor	Weight	Assessment standards and procedures
Business operations	10%	<ul style="list-style-type: none">• Whether the bidder's registered capital and return on net assets meet the requirements and whether it has sound performance capability;• Whether the tender satisfies delivery requirements;• Whether the bidder has sales performance of similar products and services in the last three years;• Historical records of delayed delivery; and• Payment terms provided by the bidder.

15. Internal Controls

15.1 New TBEA Framework Agreements and New Xinjiang Tebian Framework Agreements

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

- the Company has adopted a transaction management system on connected transactions. Business departments of the Company are required to conduct updates of separate agreements for the Continuing Connected Transactions, and regularly report the execution status of each connected transactions to the secretary of the Board. The secretary of the Board will then inform the Board of any important information thereof;
- the Audit Committee is responsible for the data collection and monitoring of connected transactions, and for conducting evaluation on the fairness of the transaction and pricing terms. It is responsible for reviewing the determination of the annual caps and execution status of the connected transactions. It will also report to the Board and the Supervisory Board on the Group's Connected Transactions on quarterly basis. If it is anticipated that there is a need to revise the annual caps, the Company will comply with the relevant requirements under the Listing Rules to issue an announcement, and/or seek Independent Shareholders' approval after the Board's review and approval;

LETTER FROM THE BOARD

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

15.2 New Financial Services Framework Agreement

- (i) In order to ensure the safety of deposit funds for Continuing Connected Transaction under the New Financial Services Framework Agreement and to ensure the implementation of pricing principles, the Company has adopted the following internal control procedures:
 - (1) The Company has formulated the Risk Disposal Plan for the Company's Deposits and Loans and Other Financial Businesses in TBEA Group Finance Co., Ltd. (《公司在特變電工集團財務有限公司開展存貸款等金融業務的風險處置預案》) in accordance with the requirements of the Notice on the Regulation of Business Transactions between Listed Companies and Finance Companies of Corporate Groups (Zheng Jian Fa [2022] No. 48) (《關於規範上市公司與企業集團財務公司業務往來的通知》(證監發[2022]48號) issued by the China Securities Regulatory

LETTER FROM THE BOARD

Commission and the NFRA, and established a deposit and loan risk disposal leading team. The general manager of the Company, as the primary person responsible for the disposal of deposit and loan risks, together with the Company's chief accountant and the heads of relevant departments such as finance department, audit and supervision department, legal affairs department and securities department, carry out dynamic assessment, supervision, prevention and disposal of deposit and loan risks. Meanwhile, the Company regularly review the internal control, financial statements, and risk indicators of TBEA Finance, evaluate the operating qualifications, business, and risk status of TBEA Finance, and report to the board of directors the Risk Assessment Report on TBEA Group Finance Co., Ltd. by the Company (《公司對特變電工集團財務有限公司風險評估的報告》). When risk event occurs in TBEA Finance, the deposit and loan risk disposal leading group will initiate the disposal plan process and take decisive measures to minimize deposit and loan risks;

- (2) The Company's finance department will closely monitor the total daily balance of TBEA Finance's deposits placed by the Group to ensure that the relevant annual caps will not be exceeded;
- (3) The Company's internal approval shall be obtained before entering into any specific agreement on Deposit Services under the New Financial Services Framework Agreement. Multiple internal departments of the Company, including but not limited to the finance department, legal department, and audit department are jointly responsible for evaluating the terms of specific agreements, especially the fairness of pricing policies and the use of caps;
- (4) Before placing deposits with TBEA Finance, the Group will inquire with at least two Major Cooperative Commercial Banks about their deposit interest rates of the same term and type, and require TBEA Finance to provide information on the deposit interest rates of the same term and type (if applicable) that it provides to other members of TBEA Group (excluding the Group) with the same credit rating;
- (5) The Group is entitled to entrust other third parties to provide Deposit Services when the interest rate of Deposit Services provided by TBEA Finance to the Group is lower than (i) the deposit interest rates of the same term and type provided by other Major Cooperative Commercial Banks; or (ii) the deposit interest rates of the same term and type (if applicable) provided by TBEA Finance to other members of TBEA Group (excluding the Group) with the same credit rating.

LETTER FROM THE BOARD

(ii) TBEA Finance has adopted the following internal control procedures:

- (1) TBEA Finance shall strictly abide by and implement the financial company risk management regulations promulgated by the NFRA. Its debt ratio, liquidity ratio and other ratios must comply with provisions of the NFRA and other Chinese laws and regulations as amended from time to time;
- (2) TBEA Finance will closely monitor the total daily balance of deposits placed by the Group, and use information technology to set early warnings in the settlement system to ensure that the daily deposit balance is lower than the annual cap;
- (3) TBEA Finance will ensure the safe operation of its fund management information system. The system has passed the security test of online interface with other commercial banks and adopts a digital certificate authentication mode to ensure safe and normal use of the Group's funds;
- (4) TBEA Finance shall always monitor its credit risk and implement measures related to risk monitoring. In the event of any specific event that may affect the safety of the Group's deposits with TBEA Finance, or any other circumstance that makes these deposits be closely monitored, TBEA Finance shall send a written notice to the Group within two working days after the occurrence of such event or circumstance, and take measures to avoid or control any losses;
- (5) TBEA Finance is obliged to cooperate with the Group in providing relevant information (including but not limited to its internal control, financial statements, risk indicators, operating qualifications, business and risk profiles, etc.), so that the Group can monitor and review its operating conditions to determine whether there are risks that may affect the security of deposits.

(iii) Guarantee Letter from TBEA

On 4 November 2023, TBEA issued a guarantee letter to the Company regarding the New Financial Services Framework Agreement. Accordingly, during the validity period of the New Financial Services Framework Agreement, TBEA shall:

- (1) maintain actual control over TBEA Finance and ensure that TBEA Finance operates in a standardized manner;

LETTER FROM THE BOARD

- (2) use its best efforts and take all reasonable means to guarantee that TBEA Finance fulfills its obligations of Deposit Services under the New Financial Services Framework Agreement;
- (3) use its best efforts and take all reasonable means to guarantee that TBEA Finance mainly applies the deposits, that the Company and its subsidiaries place with TBEA Finance, through the Deposit Services of the New Financial Services Framework Agreement, for the provision of loan services to the Company and its subsidiaries; and
- (4) within 10 working days after the occurrence of TBEA Finance being unable to fulfill its obligations under the New Financial Services Framework Agreement, bear all losses to the Company and its subsidiaries arising therefrom, including but not limited to the principal and interest of deposits and expenses incurred.

16. Information on the Parties

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

TBEA is a joint stock company incorporated in the PRC on 26 February 1993, and listed on the Shanghai Stock Exchange (stock code: 600089). As at the Latest Practicable Date, its registered capital is RMB5,052,710,023. TBEA and its close associates (excluding the Group) is mainly engaged in: (i) production and sales of transformers, inductors, wires, cables and other electrical and machinery equipment; (ii) construction and contracting of domestic and international power transmission and transformation projects, hydro and geothermal power projects; (iii) procurement and sales of coal; and (iv) generation and sales of electricity and heat, etc.

Xinjiang Tianchi is a company with limited liability incorporated in the PRC on 29 November 2002, and a subsidiary of TBEA. As at the Latest Practicable Date, its registered capital is RMB10 billion and TBEA directly holds 85.78% of Xinjiang Tianchi's equity interest. Xinjiang Tianchi is mainly engaged in: (i) the mining and sales of coal; and (ii) the generation and sales of electricity and heat.

LETTER FROM THE BOARD

TBEA Finance is a company incorporated in the PRC with limited liability on 29 November 2018, and a subsidiary of TBEA. As at the Latest Practicable Date, its registered capital is RMB1 billion. TBEA Finance is a non-bank financial institution approved by the NFRA with various qualifications for the provision of financial services to members of corporate groups.

Xinjiang Joinworld is a joint stock company incorporated in the PRC with limited liability on 13 February 1996, and listed on the Shanghai Stock Exchange (stock code: 600888). As at the Latest Practicable Date, the registered capital of Xinjiang Joinworld is RMB1,350,024,855 and TBEA holds 34.23% of Xinjiang Joinworld's equity interest. Xinjiang Joinworld is specialized in producing and selling high-purity aluminium, electronic aluminium foil, etched foil, raw materials for foil-forming electronic components, aluminium and aluminium products, aluminium alloy and carbon.

Xinjiang Tebian is a company with limited liability incorporated in the PRC on 27 January 2003. As at the Latest Practicable Date, its registered capital is RMB75,000,000. The main business of Xinjiang Tebian is the production and sales of mechanical and electrical products and electrical accessories, production and sales of new energy power station equipment, providing engineering services, real estate development and sales and industrial investment. As of the Latest Practicable Date, to the knowledge of the Company, Mr. Zhang Xin directly holds 40.08% equity interest in Xinjiang Tebian and indirectly holds 24.04% equity interest in Xinjiang Tebian through Tianjin Hongyuan Innovation Enterprise Management Co., Ltd.* (天津宏遠創新企業管理有限公司), which is wholly owned by Mr. Zhang Xin. Xinjiang Xingze Enterprise Management Limited Partnership* (新疆興則企業管理有限合夥企業) holds 32.95% equity interest in Xinjiang Tebian and its general partner are 70% and 30% held respectively by Mr. Zhang Xin and two other employees of Xinjiang Tebian (in together), and its limited partners are four partnership enterprises held by 134 employees of Xinjiang Tebian. The remaining eight natural person shareholders hold a total of 2.93% equity interest in Xinjiang Tebian. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as the equity interests held by Mr. Zhang Xin in Xinjiang Tebian above, the ultimate beneficial owners of in Xinjiang Tebian are not Connected Persons of the Company nor connected with the Connected Persons of the Company.

B. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules, the Independent Board Committee (comprising all independent non-executive Directors) has been formed to advise the Independent Shareholders on the New Framework Agreements and the proposed annual caps thereunder. The members of the Independent Board Committee are Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny. Kingsway Capital Limited has been appointed as the Independent Financial Adviser to advise the

LETTER FROM THE BOARD

Independent Board Committee and the Independent Shareholders as to whether the New Framework Agreements and the proposed annual caps thereunder are in the interests of the Company and the Shareholders as a whole and make recommendation(s) on voting.

C. EGM

The EGM will be held at the Conference Room, R&D Building, No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang, the PRC on Thursday, 30 November 2023 at 11:00 a.m., to consider and, if thought fit, to approve the New Framework Agreements and the proposed annual caps thereunder. The notice of the EGM and a form of proxy for use at the EGM are enclosed with this circular.

Any shareholder and his or her or its associates with a material interest in the resolution will abstain from voting on the resolutions on the entering into of the New Framework Agreements at the EGM. As at the Latest Practicable Date, TBEA holds directly and indirectly approximately 64.52% in aggregate of the total issued share capital of the Company, including 921,286,161 Domestic Shares and 1,223,200 H Shares held through TBEA (HONGKONG) CO., LIMITED (“**TBEA (HONG KONG)**”), and is the Controlling Shareholder and a Connected Person of the Company. As such, TBEA Group shall abstain from voting on the resolutions on the entering into of the New TBEA Framework Agreements and the New Financial Services Framework Agreement at the EGM. As at the Latest Practicable Date, Xinjiang Tebian is a 30%-controlled company of Mr. Zhang Xin, a Director, and thus is a Connected Person of the Company. As at the Latest Practicable Date, Xinjiang Tebian Group directly and indirectly holds 86,759,908 Domestic Shares of the Company, which represents approximately 6.07% in aggregate of the total issued share capital of the Company. As such, Xinjiang Tebian Group shall abstain from voting on the resolutions on the entering into of the New Xinjiang Tebian Framework Agreements at the EGM.

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

In order to determine the Shareholders who are eligible to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 27 November 2023 to Thursday, 30 November 2023, both days inclusive, during which period no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on Thursday, 30 November 2023 shall be entitled to attend and vote at the EGM. In order for the Shareholders to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Board secretary office (in case of holders of Domestic Shares), at No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC, or the Company’s H share registrar (in case of holders of H Shares),

LETTER FROM THE BOARD

Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 24 November 2023 for registration.

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the accompanying form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, and for holders of Domestic Shares, the form of proxy should be returned to the Company’s Board secretary office, at No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC, in person or by post not less than 24 hours before the time fixed for holding the EGM (i.e. no later than 11 a.m. on Wednesday, 29 November 2023) or any adjourned meeting thereof.

Shareholders may, by completing the form of proxy of the Company, appoint one or more proxies (whether he/she/it is a Shareholder) to attend and vote at the EGM (or any adjournment thereof) on his/her/its behalf. The proxy needs not be a Shareholder.

Shareholders must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant Shareholder or by a person duly authorised by the relevant Shareholder in writing (“**power of attorney**”). If the form of proxy is signed by the person authorised by the relevant Shareholder as aforesaid, the relevant power of attorney and other relevant documents of authorization (if any) must be notarised. If a corporate Shareholder appoints a person other than its legal representative to attend the EGM (or any adjournment thereof) on its behalf, the relevant form of proxy must be affixed with the company seal of the corporate Shareholder or signed by the Directors or any other person duly authorised by that corporate Shareholder as required by the articles of association of the Company.

D. VOTING BY POLL AT EGM

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

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

LETTER FROM THE BOARD

E. RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 44 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 45 to 78 of this circular, considers that the New Framework Agreements and the transactions contemplated thereunder (based on the proposed annual caps) are in the interests of the Company and the Shareholders as a whole and are fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the New Framework Agreements and the proposed annual caps thereunder.

F. ADDITIONAL INFORMATION

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

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

* *For identification purpose only*

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)

14 November 2023

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to the Shareholders dated 14 November 2023 (the “**Circular**”) to which this letter forms a part of. Terms defined in the Circular shall have the same meanings as those used in this letter unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to consider the New Framework Agreements and the proposed annual caps thereunder and to advise the Independent Shareholders in respect of the New Framework Agreements and the proposed annual caps thereunder. Kingsway Capital Limited has been appointed as the Independent Financial Adviser in this regard.

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

Yours faithfully,

Independent Board Committee

Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Kingsway Capital Limited to the Independent Board Committee and the Independent Shareholders prepared related to the continuing connected transactions for the purpose of inclusion in this circular.



14 November 2023

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

Dear Sirs,

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New TBEA Framework Agreements, New Xinjiang Tebian Framework Agreements and New Financial Services Framework Agreement and their respective proposed annual caps, details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular of the Company dated 14 November 2023 (the “**Circular**”) to the Shareholders, of which this letter forms part. Unless specified otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As at the Latest Practicable Date, TBEA is directly and indirectly interested in approximately 64.52% of the total issued share capital of the Company, and is thus the Controlling Shareholder of the Company. Accordingly, TBEA is a Connected Person of the Company, and the transactions conducted between the Group and TBEA Group constitute Connected Transactions of the Company.

As at the Latest Practicable Date, Xinjiang Tebian is a 30%-controlled company held by Mr. Zhang Xin, a Director. Therefore, Xinjiang Tebian is a Connected Person of the Company. Accordingly, the transactions conducted between the Group and Xinjiang Tebian Group constitute Connected Transactions of the Company.

As at the Latest Practicable Date, TBEA directly and indirectly holds approximately 99.18% of the equity interests in TBEA Finance. Therefore, TBEA Finance, being a subsidiary of TBEA, is a Connected Person of the Company, and the transactions conducted between the Group and TBEA Finance constitute Connected Transactions of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the Letter from the Board, as (i) TBEA is the Controlling Shareholder of the Company, TBEA Group is a Connected Person of the Company and (ii) the New TBEA Framework Agreements are entered into between the same parties, the transactions contemplated thereunder are required to be aggregated and treated as if one transaction pursuant to Rule 14A.81 of the Listing Rules. Accordingly, the annual caps under the New TBEA Framework Agreements are aggregated and used when calculating the relevant percentage ratios. As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the New TBEA Framework Agreements (as aggregated) calculated according to Rule 14.07 of the Listing Rules exceeds 5%, the proposed annual caps are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements as set out under Chapter 14A of the Listing Rules.

As set out in the Letter from the Board, as (i) Xinjiang Tebian is a 30%-controlled company held by Mr. Zhang Xin, a Director, Xinjiang Tebian is a Connected Person of the Company and (ii) the New Xinjiang Tebian Framework Agreements are entered into between the same parties, the transactions contemplated thereunder are required to be aggregated and treated as if one transaction pursuant to Rule 14A.81 of the Listing Rules. Accordingly, the annual caps under the New Xinjiang Tebian Framework Agreements are aggregated and used when calculating the relevant percentage ratios. As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the New Xinjiang Tebian Framework Agreements (as aggregated) calculated according to Rule 14.07 of the Listing Rules exceeds 5%, the proposed annual caps are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements as set out under Chapter 14A of the Listing Rules.

As set out in the Letter from the Board, as the highest applicable percentage ratio in respect of the proposed annual caps of Deposit Services under the New Financial Services Framework Agreement exceeds 5% but is less than 25%, the Deposit Services under the New Financial Services Framework Agreement constitutes a discloseable transaction and a non-exempt Continuing Connected Transaction of the Company, and is subject to the announcement requirement under Chapter 14 of the Listing Rules and the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny (all being the independent non-executive Directors), has been established to advise the Independent Shareholders as to matters related to the New Framework Agreements and the proposed annual caps thereunder. We, Kingsway Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We are independent pursuant to Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Participation. As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. Within the two years prior to the Latest Practicable Date, we have acted as independent financial adviser to the independent shareholders of the Company in relation to continuing connected transactions and connected transaction of the Company, details of which are set out in the circular of the Company dated 22 November 2022 and 24 April 2023. Apart from normal professional fees paid to us in connection with the aforesaid appointment, no arrangements exist whereby we have received any fees or benefits from the Company or any other party to the transactions during the two years prior to the Latest Practicable Date, therefore we consider such relationship would not affect our independence.

BASIS OF OUR OPINION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations provided by the Directors and the management of the Company, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so as at the date of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the management of the Company in the Circular were reasonably made after due enquires and careful consideration by the Directors and the management of the Company and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We have also assumed that the information referred to in the Circular will continue to be true, accurate and complete as at the date of the Circular and if there is any material change of information in the Circular up to the date of the EGM, we will inform the Shareholders as soon as practicable. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

verification of the information provided by the Directors and the management of the Company nor have we conducted any independent investigation into the business, financial conditions and affairs or the prospect of the Group or any of their associates.

The Directors have collectively and individually accepted full responsibility for all information given with regard to the Company including particulars given in compliance with the Listing Rules. The Directors have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the parties to the New TBEA Framework Agreements, the New Xinjiang Tebian Framework Agreements and the New Financial Services Framework Agreement

Information of the Company

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

Information of TBEA

TBEA is a joint stock company incorporated in the PRC on 26 February 1993, and listed on the Shanghai Stock Exchange (stock code: 600089). As at the Latest Practicable Date, its registered capital is RMB5,052,710,023. TBEA and its close associates (excluding the Group) is mainly engaged in: (i) production and sales of transformers, inductors, wires, cables and other electrical and machinery equipment; (ii) construction and contracting of domestic and international power transmission and transformation projects, hydro and geothermal power projects; (iii) procurement and sales of coal; and (iv) generation and sales of electricity and heat, etc.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Information of Xinjiang Tebian

Xinjiang Tebian is a company with limited liability incorporated in the PRC on 27 January 2003. As at the Latest Practicable Date, its registered capital is RMB75,000,000. The main business of Xinjiang Tebian is the production and sales of mechanical and electrical products and electrical accessories, production and sales of new energy power station equipment, providing engineering services, real estate development and sales and industrial investment. As at the Latest Practicable Date, to the knowledge of the Company, Mr. Zhang Xin directly holds 40.08% equity interest in Xinjiang Tebian and holds 24.04% equity interest in Xinjiang Tebian through Tianjin Hongyuan Innovation Enterprise Management Co., Ltd.* (天津宏遠創新企業管理有限公司), which is wholly owned by Mr. Zhang Xin. Xinjiang Xingze Enterprise Management Limited Partnership* (新疆興則企業管理有限合夥企業) holds 32.95% equity interest in Xinjiang Tebian and its general partners are 70% and 30% held by Mr. Zhang Xin and two other employees of Xinjiang Tebian (in together), and its limited partners are four partnerships enterprises held by 134 employees of Xinjiang Tebian. The remaining eight natural person shareholders hold a total of 2.93% equity interest in Xinjiang Tebian. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as the equity interests held by Mr. Zhang Xin in Xinjiang Tebian above, the ultimate beneficial owners of in Xinjiang Tebian are not Connected Persons of the Company nor connected with the Connected Persons of the Company.

Information of Xinjiang Tianchi

Xinjiang Tianchi is a company with limited liability incorporated in the PRC on 29 November 2002, and a subsidiary of TBEA. As at the Latest Practicable Date, its registered capital is RMB10 billion and TBEA directly holds 85.78% of Xinjiang Tianchi's equity interest. The main business of Xinjiang Tianchi is mainly engaged in: (i) the mining and sales of coal; and (ii) the generation and sales of electricity and heat.

Information of TBEA Finance

TBEA Finance is a company incorporated in the PRC with limited liability on 29 November 2018, and a subsidiary of TBEA. As at the Latest Practicable Date, its registered capital is RMB1 billion. TBEA Finance is a non-bank financial institution approved by the NFRA with various qualifications for the provision of financial services to members of corporate groups.

Information of Xinjiang Joinworld

Xinjiang Joinworld is a joint stock company incorporated in the PRC with limited liability on 13 February 1996, and listed on the Shanghai Stock Exchange (stock code: 600888). As at the Latest Practicable Date, the registered capital of Xinjiang Joinworld is RMB1,350,024,855 and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

TBEA holds 34.23% of Xinjiang Joinworld's equity interest. Xinjiang Joinworld is specialized in producing and selling high-purity aluminium, electronic aluminium foil, etched foil, raw materials for foil-forming electronic components, aluminium and aluminium products, aluminium alloy and carbon.

2. Reasons for and benefits of entering into the New Framework Agreements

Background of the New Framework Agreements

As disclosed in the Letter from the Board, under the global strategic background of “carbon emission peak and carbon neutrality”, in order to seize the rapid development opportunities in the new energy field and speed up the industry layout, the Group plans to further increase its annual polysilicon production capacity to 400,000 tons and increase the construction and operation scale of PV and wind power stations during the period from 2024 to 2026. Also, due to the needs of TBEA Group to increase its high-purity aluminum production capacity and promote smart microgrids and new energy power stations for generation, grid, load and energy storage in industrial parks, by leveraging the Group's scale advantage and bargaining power in raw materials sourcing, spare production capacity of chemical raw materials and industrial water, as well as its strengths in new energy power station design and construction and product manufacturing. Furthermore, the Group intends to properly arrange funds and improve the utilization efficiency of the Group's funds. As such, in view of the expiration of the Existing TBEA Framework Agreements, the Existing Xinjiang Tebian Framework Agreements and the Existing Financial Services Framework Agreement on 31 December 2023, and in consideration of the developmental needs of the Group, the Board has resolved to renew the existing framework agreements mentioned above and proposed to determine the annual caps for the three years ending 31 December 2026.

Benefits of entering into the New Framework Agreements

As discussed with the management of the Company, the Group has maintained a long-term relationship with TBEA Group and Xinjiang Tebian Group of more than 16 years and did not have any material disputes or complaints against TBEA Group and Xinjiang Tebian Group in relation to the quality of products supplied or services provided by TBEA Group or Xinjiang Tebian Group. The entering into of each of the New TBEA Framework Agreements and New Xinjiang Tebian Framework Agreements by the Company with TBEA and Xinjiang Tebian are in substance the extension of the established business relationship with TBEA Group and Xinjiang Tebian Group under the Existing TBEA Framework Agreements and Existing Xinjiang Tebian Framework Agreements which will continue to benefit the Group, being the purchaser, by ensuring continuous provision of goods and services to and by the Group through leveraging on the extensive resources and well-developed technical services of TBEA Group under the New TBEA Framework Agreements and Xinjiang Tebian Group under the New Xinjiang Tebian Framework Agreements,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

which will continue to ensure the quality and reliability of the Group's products. The Company is generally satisfied with the quality of the products and services rendered by the TBEA Group under the Existing TBEA Framework Agreements and Xinjiang Tebian Group under the Existing Xinjiang Tebian Framework Agreements and believe that the long term relationship between the Group and the TBEA Group and Xinjiang Tebian Group and their familiarisation with the Group's business operations would continue to benefit the Group.

As discussed with the management of the Company, sales of the products and services by the Group to TBEA Group helps to take full advantage of the economies of scale and bargaining power in raw material procurement of the Group and to make use of the residual production capacity of the Group's chemical raw materials, industrial water and inverters, etc as well as provide services related to new energy power station construction engineering, thus generating a certain amount of revenue for the Group.

As further discussed with the management of the Company, since the commencement of the business with TBEA Finance, the Group did not have any material disputes or complaints against TBEA Finance in relation to the withdrawals and the interest rate for the Deposit Services offered by TBEA Finance as TBEA Finance offers customized proposals for centralized deposit and management of funds in line with the management needs of the Group, enabling the Group to satisfy its flexible needs of funds through timely withdrawals, and the interest rate for the Deposit Services offered by TBEA Finance to the Group will not be less favourable than the interest rate offered by the major cooperate commercial banks to the Group.

Having considered that (i) the Group has maintained relationship with TBEA Group and Xinjiang Tebian Group of more than 16 years; (ii) the New TBEA Framework Agreements, the New Xinjiang Tebian Framework Agreements and the New Financial Services Framework Agreement allow the Group to maintain a stable business relationship with TBEA Group and Xinjiang Tebian Group; and (iii) the New TBEA Framework Agreements, the New Xinjiang Tebian Framework Agreements and the New Financial Services Framework Agreement do not restrict the Group to have limited selection of suppliers, customers or banks, we concur with the Directors' view that the entering into the New TBEA Framework Agreements, the New Xinjiang Tebian Framework Agreement and the New Financial Services Framework Agreement are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Principal terms of the New TBEA Framework Agreements, the New Xinjiang Tebian Framework Agreements and the New Financial Services Framework Agreement

1. New Product Procurement Framework Agreement (TBEA)

Pricing basis:

As no price stipulated by the government or guiding price is available, to ensure that the terms and prices provided by TBEA Group are fair and reasonable and in line with market practices, the Group has and will continue to adopt the following tender and competitive negotiation process and principles to determine whether products shall be procured from TBEA Group:

- Business departments of the Group will on the basis of their business needs submit procurement needs to the Company's procurement department.
- Once the Company's procurement department receives the procurement needs, the bidding department of the Company will on the basis of the procurement needs extend the tender invitation to Qualified Suppliers to invite them to participate in bidding and competitive negotiations. For further details on the Company's assessment standards for Qualified Suppliers, please refer to the section headed "Assessment of Qualified Suppliers" in the Letter from the Board.
- Based on the Company's internal bidding procedure requirements, it will invite no less than five suppliers to participate in bidding. When there are no less than three assessable tenders, the Company will start the assessment process. It is rather rare to have less than five suppliers to participate in bidding or to have less than three assessable tenders, which normally happens during the biddings for the procurement of special equipment with technical complexity, expertise requirements or relatively tight delivery schedule for providing such special equipment. For certain construction projects of new energy power stations, the customers have their own qualified supplier list, which limits the number of participants of the bidding. In the above circumstances, the Group will conduct negotiations with the tenderers to determine the price by referring to the historical purchase price and the quotation of products provided by the tenderers to other comparable enterprises.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- The bid assessment committee, which consists of senior management from the bidding department (including the bidding and supply chain management department), the supervisory department (including the finance, legal and audit departments), the engineering department, the technical department, and other senior management staff (including the general manager, deputy general manager(s) and the chief accountant (excluding Connected Persons), and representatives from the department which made the initial procurement needs), will consider factors such as product features and quality requirements, in order to consider the tender which best fits business needs and satisfies the tender requirements.
- Based on the foregoing factors, the bid assessment committee (focused only on bid assessment) will assess the tender and make the final decision to accept the tender. For further details on the assessment procedures, please refer to the section headed “Assessment Factors and Process” in the Letter from the Board.
- Once a tender is chosen, the bidding department of the Company will contact the bidder and negotiate miscellaneous terms of the agreement. However, the price and quality terms of the products will not be further discussed, and the original bidding terms will be adopted in the final contract. Once the terms are finalised, the Company will enter into a contract with the supplier and arrange for delivery of the product. The entire bidding process generally takes five to seven days.

We have conducted the below works in relation to the pricing basis of the transformers (including ancillary equipment), cables and other equipment under the Product Procurement Framework Agreement (TBEA):

- for transformers, we have randomly obtained three invoices between the Group and TBEA Group for each of the two years ended 31 December 2022 and nine months ended 30 September 2023 and three invoices between the Group and the independent third parties of similar products. We noted that the prices of the products purchased from TBEA Group were not less favourable than those of the similar product purchased from independent third parties; and
- for cables, we have randomly obtained three invoices between the Group and TBEA Group for each of the two years ended 31 December 2022 and nine months ended 30 September 2023 and three invoices between the Group and the independent third parties of similar products. We noted that the prices of the products purchased from TBEA Group were not less favourable than that of the product purchased from independent third parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having Considered that the invitation to the Qualified Supplier for tender that was and will be adopted by the Group, given (i) the three invoices for each type of products under the Product Procurement Framework (TBEA) and the three invoice from third parties as aforementioned and our observation above that pricing of the relevant transactions was equivalent or comparable to those offered to or quoted by third parties independent for each of the two years ended 31 December 2022 and nine months ended 30 September 2023; and (ii) the auditor of the Company has issued an unqualified letter mentioned that nothing has come to their attention that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the Company's pricing policies as mentioned in the annual report of the Company for the year ended 31 December 2022, we consider that the samples obtained were sufficient and representative it is reasonably fair and the terms offered by TBEA Group had no less favourable than the terms offered by independent third parties.

Annual caps and its basis of determination

A summary of the historical amount under the Product Procurement Framework Agreement (TBEA) for the two years ended 31 December 2022 and nine months ended 30 September 2023 and the proposed annual caps under the New Product Procurement Framework Agreement (TBEA) for the three years ending 31 December 2026 are set out in the table below:

Historical transaction amount			Proposed annual caps		
Year ended	Year ended	For the	Year ending	Year ending	Year ending
31 December	31 December	period ended	31 December	31 December	31 December
2021	2022	30 September	2024	2025	2026
<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>
615	1,465	417	1,500	1,300	1,100

As discussed with the management of the Company, the proposed annual caps are considered with the normal operation needs for newly installation capacity of wind power and PV projects and the second phase of 100,000-ton Polysilicon Project in Zhundong. Therefore, based on the above discussion, we estimate:

- (i) the annual cap for the year ending 31 December 2024 by (a) the average of the historical transaction amount for the year ended 31 December 2021 and 2022 and annualized transaction amount of approximately RMB556 million for the year ending 31 December 2023 (based on the historical transaction amount for the nine months ended 30 September 2023) of approximately RMB879 million for normal operation needs for

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

newly installation capacity of wind power and PV projects, and (b) expected purchase of approximately RMB600 million for the second phase of 100,000-ton Polysilicon Project in Zhundong;

- (ii) annual caps for the year ending 31 December 2025 by (a) the average of the historical transaction amount for the year ended 31 December 2021 and 2022 and annualized transaction amount of approximately RMB556 million for the year ending 31 December 2023 (based on the historical transaction amount for the nine months ended 30 September 2023) of approximately RMB879 million for normal operation needs for newly installation capacity of wind power and PV projects, (b) the increase of approximately 25% for newly installation capacity of wind power and PV projects and (c) expected purchase of approximately RMB200 million for the second phase of 100,000-ton Polysilicon Project in Zhundong;
- (iii) annual caps for the year ending 31 December 2026 by (a) the average of the historical transaction amount for the year ended 31 December 2021 and 2022 and annualized transaction amount of approximately RMB556 million for the year ending 31 December 2023 (based on the historical transaction amount for the nine months ended 30 September 2023) of approximately RMB879 million for normal operation needs for newly installation capacity of wind power and PV projects and (b) the increase of approximately 25% for newly installation capacity of wind power and PV projects.

We have (i) reviewed the breakdown of the investment of first phase of 100,000-ton Polysilicon Project in Zhundong and noted the estimated transaction for second phase of 100,000-ton Polysilicon Project in Zhundong is in proportion to first phase of 100,000-ton Polysilicon Project in Zhundong; (ii) reviewed the construction schedule of second phase of 100,000-ton Polysilicon Project in Zhundong and noted that the approximately 75% of the purchase of the products under second phase of 100,000-ton Polysilicon Project in Zhundong is expected to be completed by 2024, therefore, the expected purchase for the two years ending 31 December 2025 will be approximately RMB600 million and RMB200 million; and (iii) reviewed the development plan in relation to the installation target for the three years ending 31 December 2026 from the senior management of the Company and noted that the Group intend to increase the installation capacity of wind power and PV projects from 2024 to 2025 and remain the similar level as 2025 for the installation in 2026.

Having taken into consideration of the above, (i) the historical transaction amounts; (ii) the demand for the second phase of 100,000-ton Polysilicon Project in Zhundong for the year ending 31 December 2024 and 2025; and (iii) business plan or strategy of the Group, we are of the view that the proposed annual caps under the New Products Procurement Framework Agreement

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(TBEA) are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

2. New Coal Procurement Framework Agreement

Pricing basis:

To ensure that the coal procurement terms and prices provided by TBEA Group are fair and reasonable and in line with market practices, the Company has and will continue to adopt the following measures and principles to determine the coal procurement prices:

- The final coal supplier will be determined after considering multiple factors, including whether the coal supplied comply with the coal quality requirements of the furnace used in the Company's self-owned power plant, prices, supplier distance, transportation costs, supplier's scale, supplier's management and whether the supplier can provide sufficient and stable supplies.
- The Company will collect sale price data from different coal suppliers located in the same or neighbouring regions whom are able to provide coal which meets the requirements of the Company's standards. As at Latest Practicable Date, there are four qualified suppliers which can provide coal that meet the requirements of the Company's standards.
- Through conducting fair negotiations with coal suppliers (including independent third-parties), the Company can determine a reasonable procurement price for the procurement of coal.

We have also conducted the below works in relation to access the historical transactions for the two years ended 31 December 2022 and the nine months ended 30 September 2023 under the Coal Procurement Framework Agreement:

- we have randomly obtained three invoices between the Group and TBEA Group for each of the two years ended 31 December 2022 and the nine months ended 30 September 2023 and three invoices between the Group and the independent third parties of similar coal procurement. We noted that the prices of the coal purchased from TBEA Group were not less favourable than that of the coal purchased from independent third parties;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

By considering the limitation of Qualified Suppliers for coal, given (i) the three invoices for coal procurement under the Coal Procurement Framework Agreement and the three invoices from third parties as aforementioned and our observation above that pricing of the relevant transactions was equivalent or comparable to those offered to or quoted by third parties independent for the two years ended 31 December 2022 and the nine months ended 30 September 2023; and (ii) the auditor of the Company has issued an unqualified letter mentioned that nothing has come to their attention that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the Company's pricing policies as mentioned in the annual report of the Company for the year ended 31 December 2022, we consider that the samples obtained were sufficient and representative and it is reasonably fair and the terms offered by TBEA Group had no less favourable than the terms offered by independent third parties.

Annual caps and its basis of determination

A summary of the historical amount under the Existing Coal Procurement Framework Agreement for the two years ended 31 December 2022 and nine months ended 30 September 2023 and the proposed annual caps under the New Coal Procurement Framework Agreement for the three years ending 31 December 2026 are set out in the table below:

Historical transaction amount			Proposed annual caps		
Year ended	Year ended	For the period ended	Year ending	Year ending	Year ending
31 December	31 December	30 September	31 December	31 December	31 December
2021	2022	2023	2024	2025	2026
<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>
391	501	392	750	750	750

As discussed with the management of the Company, the usage of the coal has been increasing in the past few years and the expected annual transaction amount for the year ending 31 December 2023 will be approximately RMB680 million (based on their current production schedule as provided by the management of the Company). Therefore, based on the above discussion, we estimate the proposed annual caps under the New Coal Procurement Framework Agreement by (i) the highest of the historical transaction amount for the two years ended 31 December 2022 and the expected annual transaction amount for the year ending 31 December 2023 of approximately RMB680 million (based on their current production schedule as advised by the management of the Company) of approximately RMB680 million and (ii) buffer of 10%.

We have reviewed the production schedule for the year ending 31 December 2023 and noted that their purchase in the fourth quarter 2023 is relatively higher due to the winter heating demand.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having taken into consideration of the above, (i) the highest expected transaction amount for the three year ending 31 December 2023; and (ii) a buffer to prevent any excess of the annual caps, we are of the view that the proposed annual caps under the New Coal Procurement Framework Agreement are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

3. *New Miscellaneous Services Framework Agreement (TBEA)*

Pricing basis:

As no price stipulated by the government or guiding price is available, to ensure that the terms and prices provided by TBEA Group are fair and reasonable and in line with market practices, the Group has and will continue to adopt the following tender and competitive negotiation process and principles to determine whether miscellaneous services shall be procured from TBEA Group:

- Business departments of the Group will on the basis of their business needs submit procurement needs to the Company's procurement department.
- Once the Company's procurement department receives the procurement needs, the bidding department of the Company will on the basis of the procurement needs extend the tender invitation to Qualified Suppliers to invite them to participate in bidding and competitive negotiations. For further details on the Company's assessment standards for Qualified Suppliers, please refer to the section headed "Assessment of Qualified Suppliers" in the Letter from the Board.
- Based on the Company's internal bidding procedure requirements, it will invite no less than five suppliers to participate in bidding. When there are no less than three assessable tenders, the Company will start the assessment process. It is rather rare to have less than five suppliers to participate in bidding or to have less than three assessable tenders, which normally happens during the biddings for the procurement of special miscellaneous services with technical complexity, expertise requirements or relatively tight delivery schedule for providing such special miscellaneous services. For certain construction projects of new energy power stations, the customers have their own qualified supplier list, which limits the number of participants of the bidding. In the above circumstances, the Group will conduct negotiations with the tenderers to determine the price by referring to the historical purchase price and the quotation of miscellaneous services provided by the tenderers to other comparable enterprises.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- The bid assessment committee, which consists of senior management from the bidding department (including the bidding and supply chain management department), the supervisory department (including the finance, legal and audit departments), the engineering department, the technical department, and other senior management staff (including the general manager, deputy general manager(s) and the chief accountant (excluding Connected Persons), and representatives from the department which made the initial procurement needs), will consider factors such as features and quality requirements, in order to consider the tender which best fits business needs and satisfies the tender requirements.
- Based on the foregoing factors, the bid assessment committee (focused only on bid assessment) will assess the tender and make the final decision to accept the tender. For further details on the assessment procedures, please refer to the section headed “Assessment Factors and Process” in the Letter from the Board.
- Once a tender is chosen, the bidding department of the Company will contact the bidder and negotiate miscellaneous terms of the agreement. However, the price and quality terms of the miscellaneous services will not be further discussed, and the original bidding terms will be adopted in the final contract. Once the terms are finalised, the Company will enter into a contract with the supplier and arrange for delivery of the miscellaneous services. The entire bidding process generally takes five to seven days.

We have conducted the below works in relation to the pricing basis under the New Miscellaneous Services Framework Agreement (TBEA):

- we have randomly obtained the three invoices between the Group and TBEA Group for each of the two years ended 31 December 2022 and nine months ended 30 September 2023 and three invoices between the Group and the independent third parties of similar miscellaneous services. We noted that the prices of the services provided from TBEA Group were not less favourable than that of the miscellaneous services provided from independent third parties.

Considering that the invitation to the Qualified Supplier for bidding tender process and competitive negotiations that has and will be adopted by the Group, given (i) the three invoices for miscellaneous construction services under the Existing Miscellaneous Services Framework Agreement and the three invoice from third parties as aforementioned and our observation above that pricing of the relevant transactions was equivalent or comparable to those offered to or quoted by third parties independent for each of the two years ended 31 December 2022 and the nine months ended 30 September 2023; and (ii) the auditor of the Company has issued an unqualified letter mentioned that nothing has come to their attention that causes them to believe that the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Continuing Connected Transactions were not, in all material respects, in accordance with the Company's pricing policies as mentioned in the annual report of the Company for the year ended 31 December 2022, we consider that the samples obtained were sufficient and representative and it is reasonably fair and the terms offered by TBEA Group had no less favourable than the terms offered by independent third parties.

Annual caps and its basis of determination

A summary of the historical amount under the Miscellaneous Services Framework Agreement (TBEA) for the two years ended 31 December 2022 and nine months ended 30 September 2023 and the proposed annual caps under the New Miscellaneous Services Framework Agreement (TBEA) for the three years ending 31 December 2026 are set out in the table below:

Historical transaction amount			Proposed annual caps		
Year ended	Year ended	For the period ended	Year ending	Year ending	Year ending
31 December	31 December	30 September	31 December	31 December	31 December
2021	2022	2023	2024	2025	2026
(RMB'million)	(RMB'million)	(RMB'million)	(RMB'million)	(RMB'million)	(RMB'million)
54	256	84	700	450	450

As discussed with the management of the Company, the proposed annual caps are considered with the construction of one 220kV substation and one 10kV substation in 2024 to ensure the electricity demand of the second phase of 100,000-ton Polysilicon Project in Zhundong and normal operation needs for newly installation capacity of wind power and PV projects. Therefore, based on the above discussion, we estimate:

- (i) annual cap for the year ending 31 December 2024 by (a) the highest of the historical transaction amount for the year ended 31 December 2021 and 2022 and the expected annual transaction amount of approximately RMB350 million for the year ending 31 December 2023 (including the potential transaction of approximately RMB265 million for October to December 2023) of approximately RMB350 million for normal operation needs for newly installation capacity of wind power and PV projects, (b) expected purchase of approximately RMB300 million for the construction of one 220kV substation and one 10kV substation in 2024 to ensure the electricity demand of the second phase of 100,000-ton Polysilicon Project in Zhundong;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) annual caps for the year ending 31 December 2025 and 2026 by (a) the highest of the historical transaction amount for the year ended 31 December 2021 and 2022 and the expected annual transaction amount of approximately RMB350 million for the year ending 31 December 2023 (including the potential transaction of approximately RMB265 million for October to December 2023) of approximately RMB350 million and (b) the increase of approximately 25% for newly installation capacity of wind power and PV projects.

We have (i) reviewed the breakdown of potential transaction of approximately RMB265 million for October to December 2023; (ii) reviewed the investment amount of substation of first phase of 100,000-ton Polysilicon Project in Zhundong and noted the estimated transaction for second phase of 100,000-ton Polysilicon Project in Zhundong is in proportion to first phase of 100,000-ton Polysilicon Project in Zhundong; and (iii) reviewed the development plan in relation to the installation target for the three years ending 31 December 2026 from the senior management of the Company and noted that the Group intends to increase the installation capacity of wind power and PV projects from 2024 to 2025 and remain the similar level as 2025 for the installation in 2026.

Having taken into consideration of the above, (i) the highest expected transaction amount for the three years ending 31 December 2023; (ii) the demand for the construction of one 220kV substation and one 10kV substation in 2024 to ensure the electricity demand of the second phase of 100,000-ton Polysilicon Project in Zhundong for the year ending 31 December 2024; and (iii) business plan or strategy of the Group, we are of the view that the proposed annual caps under the New Miscellaneous Services Framework Agreement (TBEA) are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

4. New Product and Service Sales Framework Agreement

Pricing basis:

- (i) The prices of industrial raw materials (such as silicon metal and liquid alkali), inverters and other products are determined with reference to the quantity and quality of the comparable orders, and the prices of the same or similar products provided by the Group to independent third party customers. If no comparable orders are available, the prices are determined with reference to the equivalent prevailing market prices of the same or similar products on the industry websites, if any;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) The price of industrial water shall be determined with reference to the quotation of urban tap water provided by Urumqi Water Industry Group Co., LTD* (烏魯木齊水業集團有限公司), which is a large-scale wholly state-owned enterprise in Urumqi, Xinjiang and is responsible for the operation and management of the diversion, storage and supply of most of the surface and underground water in Urumqi. Urumqi Water Industry Group Co., LTD quotation is determined in accordance with the Urumqi Water Supply Price Standard Announcement* (烏魯木齊市供水價格標準公告) announced by the Urumqi Municipal People's Government, as adjusted from time to time, and considered as the representative price of local industrial water. It is in line with market practice to regard it as the price benchmark; and
- (iii) The prices of the construction engineering services related to new energy power stations are determined with reference to the prices of the same or similar services provided by the Group to independent third parties, and also with comprehensive reference to the technical difficulty of the specific projects, the scale of the power stations and the construction plans.

We have conducted the below works in relation to the pricing basis of the industrial raw materials and industrial water under the New Product and Service Sales Framework Agreement:

- for silicon metal and liquid alkali, we have randomly obtained three invoices between the Group and TBEA Group for each of the two years ended 31 December 2022 and the nine months ended 30 September 2023 and three invoices between the Group and the independent third parties of similar services. We noted that the prices of the silicon metal and liquid alkali provided to TBEA Group were not less favourable than that of the silicon metal and liquid alkali provided to independent third parties;
- for industrial water, we have randomly obtained three invoices for each of the two years ended 31 December 2022 and the nine months ended 30 September 2023 between the Group and TBEA Group. We also obtained and reviewed the quotation of urban tap water provided by Urumqi Water Industry Group Co., LTD. and noted that the unit price of industrial water provided by the Group to TBEA Group was not lower than Urumqi Water Industry Group Co., LTD. which is an independent third party water supplier of TBEA Group.

Given that (i) price of industrial water shall be determined with reference to the quotation of urban tap water provided by Urumqi Water Industry Group Co., LTD; (ii) the three invoices for products sold under the Products Sales Framework Agreement and the three invoices from third parties as aforementioned and our observation above that pricing of the relevant transactions was equivalent or comparable to those offered to third parties independent for each of the two years

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

ended 31 December 2022 and the nine months ended 30 September 2023; and (iii) the auditor of the Company has issued an unqualified letter mentioned that nothing has come to their attention that causes them to believe that the Continuing Connected Transactions were not, in all material respects, in accordance with the Company's pricing policies as mentioned in the annual report of the Company for the year ended 31 December 2022, we consider that the samples obtained were sufficient and representative and it is reasonably fair and the terms offered by TBEA Group had no less favourable than the terms offered by independent third parties.

Annual caps and its basis of determination

A summary of the historical amount under the Products Sales Framework Agreement for the two years ended 31 December 2022 and nine months ended 30 September 2023 and the proposed annual caps under the New Product and Service Sales Framework Agreement for the three years ending 31 December 2026 are set out in the table below:

Historical transaction amount			Proposed annual caps		
Year ended	Year ended	For the period ended	Year ending	Year ending	Year ending
31 December	31 December	30 September	31 December	31 December	31 December
2021	2022	2023	2024	2025	2026
<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>
98	86	68	400	400	400

As discussed with the management of the Company, the proposed annual caps considered with (i) the normal operation needs from Xinjiang Joinworld, (ii) the estimated need for Xinjiang Joinworld's new production capacity plan which has the similar production capacity as Xinjiang Joinworld's exiting production plant and (iii) indicated demand of services for TBEA Group's microgrid demonstration projects in more than 20 completed and newly-built industrial parks of TBEA Group. Therefore, based on the above discussion, we estimate the annual caps for each of the three years ending 31 December 2026 by (i) the highest of the historical transaction amount for the year ended 31 December 2021 and 2022 and annualized transaction amount of approximately RMB91 million for the year ending 31 December 2023 (based on the historical transaction amount for the nine months ended 30 September 2023) of approximately RMB98 million; (ii) the estimated amount of approximately RMB98 million from the Xinjiang Joinworld's new investments in the construction of a high-purity aluminum related project to expand production capacity which has similar level of production capacity as existing production facilities; and (iii) indicated demand of approximately RMB200 million for TBEA Group's microgrid demonstration projects in more than 20 completed and newly-built industrial parks of TBEA Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have (i) reviewed the production capacity of the Xinjiang Joinworld's new investment and noted that its new production capacity has similar level of its existing production facilities; and (ii) reviewed the indicated demand from TBEA Group of RMB200 million.

Having taken into consideration of the above, (i) the historical transaction amount from the normal operation needs from Xinjiang Joinworld; (ii) the expected need for Xinjiang Joinworld's new production capacity plan which has the similar production capacity as Xinjiang Joinworld's exiting production plant; and (iii) indicated demand from TBEA Group for its microgrid demonstration projects in more than 20 completed and newly-built industrial parks of TBEA Group, we are of the view that the proposed annual caps under the New Product and Service Sales Framework Agreement are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

5. New Product Procurement Framework Agreement (Xinjiang Tebian)

Pricing basis:

As no price stipulated by the government or guiding price is available, to ensure that the terms and prices provided by Xinjiang Tebian Group are fair and reasonable and in line with market practices, the Group has and will continue to adopt the following tender and competitive negotiation process and principles to determine whether products shall be procured from Xinjiang Tebian Group:

- Business departments of the Group will on the basis of their business needs submit procurement needs to the Company's procurement department.
- Once the Company's procurement department receives the procurement needs, the bidding department of the Company will on the basis of the procurement needs extend the tender invitation to Qualified Suppliers to invite them to participate in bidding and competitive negotiations. For further details on the Company's assessment standards for Qualified Suppliers, please refer to the section headed "Assessment of Qualified Suppliers" in the Letter from the Board.
- Based on the Company's internal bidding procedure requirements, it will invite no less than five suppliers to participate in bidding. When there are no less than three assessable tenders, the Company will start the assessment process. It is rather rare to have less than five suppliers to participate in bidding or to have less than three assessable tenders, which normally happens during the biddings for the procurement of special equipment with technical complexity, expertise requirements or relatively tight

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

delivery schedule for providing such special equipment. For certain construction projects of new energy power stations, the customers have their own qualified supplier list, which limits the number of participants of the bidding. In the above circumstances, the Group will conduct negotiations with the tenderers to determine the price by referring to the historical purchase price and the quotation of products provided by the tenderers to other comparable enterprises.

- The bid assessment committee, which consists of senior management from the bidding department (including the bidding and supply chain management department), the supervisory department (including the finance, legal and audit departments), the engineering department, the technical department, and other senior management staff (including the general manager, deputy general manager(s) and the chief accountant (excluding Connected Persons), and representatives from the department which made the initial procurement needs), will consider factors such as product features and quality requirements, in order to consider the tender which best fits business needs and satisfies the tender requirements.
- Based on the foregoing factors, the bid assessment committee (focused only on bid assessment) will assess the tender and make the final decision to accept the tender. For further details on the assessment procedures, please refer to the section headed “Assessment Factors and Process” in the Letter from the Board.
- Once a tender is chosen, the bidding department of the Company will contact the bidder and negotiate miscellaneous terms of the agreement. However, the price and quality terms of the products will not be further discussed, and the original bidding terms will be adopted in the final contract. Once the terms are finalised, the Company will enter into a contract with the supplier and arrange for delivery of the product. The entire bidding process generally takes five to seven days.

We have also conducted the below works in relation to access the historical transactions under the Product Procurement Framework Agreement (Xinjiang Tebian):

- for tower and electrical equipment, we have randomly obtained three invoices between the Group and Xinjiang Tebian Group for each of the two years ended 31 December 2022 and the nine months ended 30 September 2023 and three invoices between the Group and the independent third parties of similar products. We noted that the prices of the products purchased from Xinjiang Tebian Group were not less favourable than that of the product purchased from independent third parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Considering that the invitation to the Qualified Supplier for tender that was and will be adopted by the Group, given (i) the three invoices for each type of products under the Product Procurement Framework Agreement (Xinjiang Tebian) and the three invoices from third parties as aforementioned and our observation above that pricing of the relevant transactions was equivalent or comparable to those offered to or quoted by third parties independent for the two years ended 31 December 2022 and the nine months ended 30 September 2023; and (ii) the auditor of the Company has issued an unqualified letter mentioned that nothing has come to their attention that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the Company's pricing policies as mentioned in the annual report of the Company for the year ended 31 December 2022, we consider that the samples obtained were sufficient and representative and it is reasonably fair and the terms offered by Xinjiang Tebian Group had no less favourable than the terms offered by independent third parties.

Annual caps and its basis of determination

A summary of the historical amount under the Product Procurement Framework Agreement (Xinjiang Tebian) for the two years ended 31 December 2022 and nine months ended 30 September 2023 and the proposed annual caps under the New Product Procurement Framework Agreement (Xinjiang Tebian) for the three years ending 31 December 2026 are set out in the table below:

Historical transaction amount			Proposed annual caps		
Year ended	Year ended	For the	Year ending	Year ending	Year ending
31 December	31 December	period ended	31 December	31 December	31 December
2021	2022	30 September	2024	2025	2026
<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>
33	329	41	600	400	400

As discussed with the management of the Company, the proposed annual caps are considered with (i) normal operation needs for newly installation capacity of wind power and PV projects and (ii) allocation of new energy resources around the Group's polysilicon production bases and build a 2GW wind power station in 2024. Therefore, based on the above discussion, we estimate:

- (i) annual cap for the year ending 31 December 2024 by (a) the highest of the historical transaction amount for the year ended 31 December 2021 and 2022 and annualized transaction amount of approximately RMB55 million for the year ending 31 December 2023 (based on the historical transaction amount for the nine months ended 30

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

September 2023) of approximately RMB329 million and (b) expected purchase of approximately RMB300 million for allocation of new energy resources around the Group's polysilicon production bases and build a 2GW wind power station.

- (ii) annual caps for the year ending 31 December 2025 and 2026 are estimated by (a) the highest of the historical transaction amount for the year ended 31 December 2021 and 2022 and annualized transaction amount of approximately RMB55 million for the year ending 31 December 2023 (based on the historical transaction amount for the nine months ended 30 September 2023) of approximately RMB329 million and (b) the increase of approximately 25% for newly installation capacity of wind power and PV projects.

We have (i) reviewed the development plan in relation to the 2GW wind power station in 2024 and noted that the expected purchase for such 2GW wind power station in 2024 is based on the historical transaction amount with Xinjiang Tebian Group for similar size of the project; and (ii) reviewed the development plan in relation to the installation target for the three years ending 31 December 2026 from the senior management of the Company and noted that the Group intend to increase the installation capacity of wind power and PV projects from 2024 to 2025 and remain the similar level as 2025 for the installation in 2026.

Having taken into consideration of the above, (i) highest historical transaction amount; (ii) allocation of new energy resources around the Group's polysilicon production bases and build a 2GW in wind power station; and (iii) business plan or strategy of the Group, we are of the view that the proposed annual caps under the New Product Procurement Framework Agreement (Xinjiang Tebian) are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

6. *New Miscellaneous Services Framework Agreement (Xinjiang Tebian)*

Pricing basis:

As no price stipulated by the government or guiding price is available, to ensure that the terms and prices provided by Xinjiang Tebian Group are fair and reasonable and in line with market practices, the Group has and will continue to adopt the following tender and competitive negotiation process and principles to determine whether miscellaneous services shall be procured from Xinjiang Tebian Group:

- Business departments of the Group will on the basis of their business needs submit procurement needs to the Company's procurement department.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Once the Company's procurement department receives the procurement needs, the bidding department of the Company will on the basis of the procurement needs extend the tender invitation to Qualified Suppliers to invite them to participate in bidding and competitive negotiations. For further details on the Company's assessment standards for Qualified Suppliers, please refer to the section headed "Assessment of Qualified Suppliers" in the Letter from the Board.
- Based on the Company's internal bidding procedure requirements, it will invite no less than five suppliers to participate in bidding. When there are no less than three assessable tenders, the Company will start the assessment process. It is rather rare to have less than five suppliers to participate in bidding or to have less than three assessable tenders, which normally happens during the biddings for the procurement of special miscellaneous services with technical complexity, expertise requirements or relatively tight delivery schedule for providing such special miscellaneous services. For certain construction projects of new energy power stations, the customers have their own qualified supplier list, which limits the number of participants of the bidding. In the above circumstances, the Group will conduct negotiations with the tenderers to determine the price by referring to the historical purchase price and the quotation of miscellaneous services provided by the tenderers to other comparable enterprises.
- The bid assessment committee consists of senior management from the bidding department (including the bidding and supply chain management department), the supervisory department (including the finance, legal and audit departments), the engineering department, the technical department, and other senior management staff (including the general manager, deputy general manager(s) and the chief accountant (excluding Connected Persons), and representatives from the department which made the initial procurement needs), will consider factors such as features and quality requirements, in order to consider the tender which best fits business needs and satisfies the tender requirements.
- Based on the foregoing factors, the bid assessment committee (focused only on bid assessment) will assess the tender and make the final decision to accept the tender. For further details on the assessment procedures, please refer to the section headed "Assessment Factors and Process" in the Letter from the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Once a tender is chosen, the bidding department of the Company will contact the bidder and negotiate miscellaneous terms of the agreement. However, the price and quality terms of the miscellaneous services will not be further discussed, and the original bidding terms will be adopted in the final contract. Once the terms are finalised, the Company will enter into a contract with the supplier and arrange for delivery of the miscellaneous services. The entire bidding process generally takes five to seven days.

We have conducted the below works in relation to access the historical transactions for the two years ended 31 December 2022 and the nine months ended 30 September 2023 under the Miscellaneous Services Framework Agreement (Xinjiang Tebian):

- we have randomly obtained the three invoices between the Group and Xinjiang Tebian Group for each of the two years ended 31 December 2022 and the nine months ended 30 September 2023 and three invoices between the Group and the independent third parties of similar miscellaneous services. We noted that the prices of the miscellaneous services provided by Xinjiang Tebian Group were not less favourable than that of the miscellaneous services provided by independent third parties;

Considering that the invitation to the Qualified Supplier for tender that was and will be adopted by the Group, given (i) the three invoices for miscellaneous services under the Miscellaneous Services Framework Agreement (Xinjiang Tebian) and the three invoices from third parties as aforementioned and our observation above that pricing of the relevant transactions was equivalent or comparable to those offered to or quoted by third parties independent for the two years ended 31 December 2022 and the nine months ended 30 September 2023; and (ii) the auditor of the Company has issued an unqualified letter mentioned that nothing has come to their attention that causes them to believe that the pricing of the connected transactions, on a sample basis, are not in accordance with the Company's pricing policies as mentioned in the annual report of the Company for the year ended 31 December 2022, we consider that the samples obtained were sufficient and representative and it is reasonably fair and the terms offered by Xinjiang Tebian Group had no less favourable than the terms offered by independent third parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Annual caps and its basis of determination

A summary of the historical amount under the Miscellaneous Services Framework Agreement (Xinjiang Tebian) for the two years ended 31 December 2022 and nine months ended 30 September 2023 and the proposed annual caps under the New Miscellaneous Services Framework Agreement (Xinjiang Tebian) for the three years ending 31 December 2026 are set out in the table below:

Historical transaction amount			Proposed annual caps		
Year ended	Year ended	For the period ended	Year ending	Year ending	Year ending
31 December	31 December	30 September	31 December	31 December	31 December
2021	2022	2023	2024	2025	2026
<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>
304	346	245	500	400	400

As discussed with the management of the Company, the proposed annual caps are considered with (i) normal operation needs for newly installation capacity of wind power and PV projects and (ii) purchase for the second phase of 100,000-ton Polysilicon Project in Zhundong. Therefore, based on the above discussion, we estimate:

- (i) annual caps for the year ending 31 December 2024 by (a) the highest of the historical transaction amount for the year ended 31 December 2021 and 2022 and annualized transaction amount of approximately RMB298 million for the year ending 31 December 2023 (based on the historical transaction amount for the nine months ended 30 September 2023) of approximately RMB346 million and (b) expected purchase of approximately RMB100 million for the second phase of 100,000-ton Polysilicon Project in Zhundong.
- (ii) annual caps for the year ending 31 December 2025 and 2026 by (a) the highest of the historical transaction amount for the year ended 31 December 2021 and 2022 and annualized transaction amount of approximately RMB298 million for the year ending 31 December 2023 (based on the historical transaction amount for the nine months ended 30 September 2023) of approximately RMB346 million and (b) the increase of approximately 25% for newly installation capacity of wind power and PV projects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have (i) reviewed the breakdown of the investment of first phase of 100,000-ton Polysilicon Project in Zhundong and noted the estimated transaction for second phase of 100,000-ton Polysilicon Project in Zhundong is in proportion to first phase of 100,000-ton Polysilicon Project in Zhundong; and (ii) reviewed the development plan in relation to the installation target for the three years ending 31 December 2026 from the senior management of the Company and noted that the Group intend to increase the installation capacity of wind power and PV projects from 2024 to 2025 and remain the similar level as 2025 for the installation in 2026.

Having taken into consideration of the above, (i) the historical transaction amount; (ii) the demand for the second phase of 100,000-ton Polysilicon Project in Zhundong; and (iii) business plan or strategy of the Group, we are of the view that the proposed annual caps under the New Miscellaneous Services Framework Agreement (Xinjiang Tebian) are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

7. New Financial Services Framework Agreement

Pricing basis:

The deposits placed by the Group with TBEA Finance shall not bear an interest rate that is lower than (i) the deposit interest rates offered by other Major Cooperative Commercial Banks in the PRC; and (ii) the deposit interest rates offered by TBEA Finance to any member companies (excluding the Group) in the TBEA with same credit ratings for comparable deposits for the same term, if applicable.

We have conducted the below works in relation to access the historical transactions for the two years ended 31 December 2022 and the nine months ended 30 September 2023 under the Financial Services Framework Agreement:

- we have randomly obtained and reviewed the three deposit contracts/records between the Group and the TBEA Finance for each of the two years ended 31 December 2022 and the nine months ended 30 September 2023 against the three receipts of deposit placed by the Group in other commercial banks for the same period. We noted that the interest rates offered by the TBEA Finance for the deposits placed by the Group were no less favourable than the then interest rates provided to the Group by other independent commercial banks in the PRC for deposits of similar nature and under similar terms.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that (i) the three deposit contracts/records for each type of products under the Financial Services Framework Agreement and the three deposit contracts/records from other commercial banks for each of the two years ended 31 December 2022 and the nine months ended 30 September 2023; and (ii) the auditor of the Company has issued an unqualified letter mentioned that nothing has come to their attention that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the Company's pricing policies as mentioned in the annual report of the Company for the year ended 31 December 2022, we consider that the samples obtained were sufficient and representative and it is reasonably fair and the terms offered by TBEA Finance had no less favourable than the terms offered by other commercial banks.

Annual caps and its basis of determination

A summary of the historical daily maximum deposit balance under the Financial Services Framework Agreement for the two years ended 31 December 2022 and nine months ended 30 September 2023 and the proposed annual caps under the New Financial Services Framework Agreement for the three years ending 31 December 2026 are set out in the table below:

Historical transaction amount			Proposed annual caps		
Year ended	Year ended	For the period ended	Year ending	Year ending	Year ending
31 December	31 December	30 September	31 December	31 December	31 December
2021	2022	2023	2024	2025	2026
<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>
2,546	2,997	2,998	3,000	3,000	3,000

As discussed with the management of the Company, the Group would continuously keep business relationship with other commercial banks, as such, the Group would keep placing deposits with certain major commercial banks at similar level. Therefore, based on the above discussion, we estimate the proposed annual caps for the three years ending 31 December 2026 by the highest daily maximum deposit balance of approximately RMB2,998 million from 1 January 2021 to 30 September 2023.

Having taken into consideration of the above, (i) the daily maximum deposit balance of approximately RMB2,998 million from 1 January 2021 to 30 September 2023; and (ii) the purpose to maintain certain deposit level in certain major commercial banks for business relationship, we are of the view that the proposed annual caps under the New Financial Services Framework Agreement are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Internal control

New TBEA Framework Agreements and New Xinjiang Tebian Framework Agreements

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

- (i) the Company has adopted a transaction management system on connected transactions. Business departments of the Company are required to conduct updates of separate agreements for the Continuing Connected Transactions, and regularly report the execution status of each connected transactions to the secretary of the Board. The secretary of the Board will then inform the Board of any important information thereof;
- (ii) the Audit Committee is responsible for the data collection and monitoring of connected transactions, and for conducting evaluation on the fairness of the transaction and pricing terms. It is responsible for reviewing the determination of the annual caps and execution status of the connected transactions. It will also report to the Board and the Supervisory Board on the Group's Connected Transactions on quarterly basis. If it is anticipated that there is a need to revise the annual caps, the Company will comply with the relevant requirements under the Listing Rules to issue an announcement, and/or seek Independent Shareholders' approval after the Board's review and approval;
- (iii) the Company has strengthened training in relation to the review and decision-making processes and information disclosure requirements of connected transactions, further promoting awareness among the relevant business departments in the corresponding compliance requirements;
- (iv) the independent non-executive Directors have reviewed and will continue to review the non-exempt Continuing Connected Transactions to ensure such agreements are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements. The auditors of the Company will also conduct an annual review on the transaction amount and annual caps of such non-exempt Continuing Connected Transactions;
- (v) all separate connected transactions agreement shall obtain approval from the headquarters of the Company before being entered into. Also, members of the senior management of the Company will collectively monitor the actual transaction amount of the Group's continuing connected transactions;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vi) the Company will impose control on the actual transaction amount of Continuing Connected Transactions, and focus on controlling the separate amount of each type of Continuing Connected Transactions; and
- (vii) the secretary of the Board will collect information on Continuing Connected Transactions at the beginning of each month, and cross-check the consolidated amount of Continuing Connected Transactions in the previous month with the financial staff of the relevant Connected Person.

New Financial Services Framework Agreement

As stated in the Letter from the Board, in order to ensure the safety of deposit funds for Continuing Connected Transaction under the New Financial Services Framework Agreement and to ensure the implementation of pricing principles, the Company has adopted the following internal control procedures:

- (1) The Company has formulated the Risk Disposal Plan for the Company's Deposits and Loans and Other Financial Businesses in TBEA Group Finance Co., Ltd. (《公司在特變電工集團財務有限公司開展存貸款等金融業務的風險處置預案》) in accordance with the requirements of the Notice on the Regulation of Business Transactions between Listed Companies and Finance Companies of Corporate Groups (Zheng Jian Fa [2022] No. 48) (《關於規範上市公司與企業集團財務公司業務往來的通知》(證監發[2022]48號)) issued by the China Securities Regulatory Commission and the NFRA, and established a deposit and loan risk disposal leading team. The general manager of the Company, as the primary person responsible for the disposal of deposit and loan risks, together with the Company's chief accountant and the heads of relevant departments such as finance department, audit and supervision department, legal affairs department and securities department, carry out dynamic assessment, supervision, prevention and disposal of deposit and loan risks. Meanwhile, the Company regularly review the internal control, financial statements, and risk indicators of TBEA Finance, evaluate the operating qualifications, business, and risk status of TBEA Finance, and report to the board of directors the Risk Assessment Report on TBEA Group Finance Co., Ltd. by the Company (《公司對特變電工集團財務有限公司風險評估的報告》). When risk event occurs in TBEA Finance, the deposit and loan risk disposal leading group will initiate the disposal plan process and take decisive measures to minimize deposit and loan risks;
- (2) The Company's finance department will closely monitor the total daily balance of TBEA Finance's deposits placed by the Group to ensure that the relevant annual caps will not be exceeded;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (3) The Company's internal approval shall be obtained before entering into any specific agreement on Deposit Services under the New Financial Services Framework Agreement. Multiple internal departments of the Company, including but not limited to the finance department, legal department, and audit department are jointly responsible for evaluating the terms of specific agreements, especially the fairness of pricing policies and the use of caps;
- (4) Before placing deposits with TBEA Finance, the Group will inquire with at least two Major Cooperative Commercial Banks about their deposit interest rates of the same term and type, and require TBEA Finance to provide information on the deposit interest rates of the same term and type (if applicable) that it provides to other members of TBEA Group (excluding the Group) with the same credit rating;
- (5) The Group is entitled to entrust other third parties to provide Deposit Services when the interest rate of Deposit Services provided by TBEA Finance to the Group is lower than (i) the deposit interest rates of the same term and type provided by other Major Cooperative Commercial Banks; or (ii) the deposit interest rates of the same term and type (if applicable) provided by TBEA Finance to other members of TBEA Group (excluding the Group) with the same credit rating.

As stated in the Letter from the Board, TBEA Finance has adopted the following internal control procedures:

- (1) TBEA Finance shall strictly abide by and implement the financial company risk management regulations promulgated by the NFRA. Its debt ratio, liquidity ratio and other ratios must comply with provisions of the NFRA and other Chinese laws and regulations as amended from time to time;
- (2) TBEA Finance will closely monitor the total daily balance of deposits placed by the Group, and use information technology to set early warnings in the settlement system to ensure that the daily deposit balance is lower than the annual cap;
- (3) TBEA Finance will ensure the safe operation of its fund management information system. The system has passed the security test of online interface with other commercial banks and adopts a digital certificate authentication mode to ensure safe and normal use of the Group's funds;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (4) TBEA Finance shall always monitor its credit risk and implement measures related to risk monitoring. In the event of any specific event that may affect the safety of the Group's deposits with TBEA Finance, or any other circumstance that makes these deposits be closely monitored, TBEA Finance shall send a written notice to the Group within two working days after the occurrence of such event or circumstance, and take measures to avoid or control any losses;
- (5) TBEA Finance is obliged to cooperate with the Group in providing relevant information (including but not limited to its internal control, financial statements, risk indicators, operating qualifications, business and risk profiles, etc.), so that the Group can monitor and review its operating conditions to determine whether there are risks that may affect the security of deposits.

As stated in the Letter from the Board, on 4 November 2023, TBEA issued a guarantee letter to the Company regarding the New Financial Services Framework Agreement. Accordingly, during the validity period of the New Financial Services Framework Agreement, TBEA shall:

- (1) maintain actual control over TBEA Finance and ensure that TBEA Finance operates in a standardized manner;
- (2) use its best efforts and take all reasonable means to guarantee that TBEA Finance fulfills its obligations of Deposit Services under the New Financial Services Framework Agreement;
- (3) use its best efforts and take all reasonable means to guarantee that TBEA Finance mainly applies the deposits, that the Company and its subsidiaries place with TBEA Finance, through the Deposit Services of the New Financial Services Framework Agreement, for the provision of loan services to the Company and its subsidiaries; and
- (4) within 10 working days after the occurrence of TBEA Finance being unable to fulfill its obligations under the New Financial Services Framework Agreement, bear all losses to the Company and its subsidiaries arising therefrom, including but not limited to the principal and interest of deposits and expenses incurred.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have assessed the internal control policy for continuing connected transactions of the Group by (i) reviewing the internal control policy document and the flowchart of the connected transaction approval process; (ii) reviewing the meeting record regarding the continuing connected transaction for 2022; (iii) discussing with the representative of the Group in relation to the internal control policy; (iv) reviewing TBEA Finance's internal control policy; and (v) reviewing the guarantee letter from TBEA. In addition, we also understand from the representative of the Company that the audit committee (including independent non-executive Directors) was and will review and supervise the effective implementation of the internal control system annually. Also, the auditor of the Company would review each of the continuing connected transactions of the Company and confirm to the Board that (i) the transactions have received the approval by the Board on an annual basis; (ii) the transactions have been entered into in accordance with the pricing policies as set out in the relevant agreements governing such transactions; and (iii) the transactions have been performed in accordance with the terms of the relevant agreements governing such transactions. We believe that such internal control procedure abided by the internal control policy document and the abovementioned monitoring system can effectively ensure that the existing and possible future transactions entered/to be entered with any connected parties are/will be on normal commercial terms and not prejudicial to the interests of the Group and the Independent Shareholders.

Having considered, in particular, (i) the internal control measures will be in place to ensure all connected transactions of the Company are properly controlled and monitored; and (ii) the ongoing review by, the Audit Committee and the auditors of the Company of the terms of the continuing connected transactions and the relevant annual caps not being exceeded, we are of the view that the Company has established effective internal control procedures to ensure the Supplemental Framework Agreements will be conducted on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that (i) the New TBEA Framework Agreement, the New Xinjiang Tebian Framework Agreements and the New Financial Services Framework Agreement are entered in the ordinary and usual course of business of the Company; and (ii) the terms of the New TBEA Framework Agreement, the New Xinjiang Tebian Framework Agreements and the New Financial Services Framework Agreement and their respective annual caps are on normal commercial terms, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions in this regard.

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

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

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

1. RESPONSIBILITY STATEMENT

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

2. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES OF THE COMPANY

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

Name	Nature of Interest	The Company/ associated corporation	Number/type of shares of the Company/associated corporation	Approximate percentage of shareholdings in the total share capital of the Company/ associated corporation ⁽¹⁾	Approximate percentage of shareholdings in the relevant class of shares of the Company ⁽²⁾	Long position/ short position
Directors						
Mr. Zhang Xin	Interest in a controlled corporation ⁽³⁾	The Company	86,759,908 Domestic Shares	6.07%	8.23%	Long position
	Beneficial owner	TBEA ⁽⁴⁾	528,324 shares	0.01%	N/A	Long position
	Interest in a controlled corporation ⁽⁵⁾	TBEA ⁽⁴⁾	581,077,428 shares	15.00%	N/A	Long position
Mr. Huang Hanjie	Beneficial owner	TBEA ⁽⁴⁾	2,158,234 shares	0.04%	N/A	Long position
Ms. Guo Junxiang	Beneficial owner	TBEA ⁽⁴⁾	1,022,734 shares	0.02%	N/A	Long position
Mr. Zhang Jianxin	Interest in a controlled corporation ⁽⁶⁾	The Company	15,955,000 Domestic Shares	1.12%	1.51%	Long position

Name	Nature of Interest	The Company/ associated corporation	Number/type of shares of the Company/associated corporation	Approximate percentage of shareholdings in the total share capital of the Company/ associated corporation ⁽¹⁾	Approximate percentage of shareholdings in the relevant class of shares of the Company ⁽²⁾	Long position/ short position
Mr. Yin Bo	Interest in a controlled corporation ⁽⁷⁾	The Company	16,165,000 Domestic Shares	1.13%	1.53%	Long position
Mr. Xia Jinjing	Beneficial owner	TBEA ⁽⁴⁾	338,000 shares	0.01%	N/A	Long position
Supervisors						
Mr. Han Shu	Beneficial owner	TBEA ⁽⁴⁾	1,375 shares	0.00%	N/A	Long position
Mr. Hu Shujun	Beneficial owner	TBEA ⁽⁴⁾	90,189 shares	0.00%	N/A	Long position
Mr. Guo Hao	Beneficial owner	TBEA ⁽⁴⁾	72,800 shares	0.00%	N/A	Long position

Notes:

- (1) The calculation is based on the total number of 5,052,710,023 shares of TBEA in issue and the total number of 1,430,000,000 Shares of the Company in issue as at the Latest Practicable Date.
- (2) The calculation is based on the total number of 1,053,829,244 Domestic Shares of the Company in issue as at the Latest Practicable Date.
- (3) Mr. Zhang Xin holds 24.04% equity interest in Xinjiang Tebian through Tianjin Hongyuan Innovation Enterprise Management Co., Ltd.* (天津宏遠創新企業管理有限公司), which is wholly-owned by Mr. Zhang Xin. As Xinjiang Hongyuan Innovation Enterprise Management Co., Ltd.* (新疆宏遠創新企業管理有限公司) (“**Xinjiang Hongyuan**”), in which he holds 70% equity interest, acts as a general partner of Xinjiang Xingze Enterprise Management Limited Partnership* (新疆興則企業管理有限合夥企業) (“**Xinjiang Xingze**”), Mr. Zhang Xin is also deemed to be interested in the 32.95% equity interest in Xinjiang Tebian held by Xinjiang Xingze under the SFO. Xinjiang Tebian held 83,863,108 Domestic Shares of the Company as at the Latest Practicable Date; Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.* (新疆遠卓企業管理諮詢有限公司), a wholly-owned subsidiary of Xinjiang Tebian, holds 2,896,800 Domestic Shares of the Company. Therefore, Mr. Zhang Xin holds approximately 6.07% of the total issued Shares of the Company through his interests in the controlled corporations.
- (4) TBEA is the Company’s Controlling Shareholder and therefore an associated corporation of the Company. As at Latest Practicable Date, TBEA held 921,286,161 Domestic Shares (approximately 87.42% of the relevant class of Shares) of the Company, and TBEA (HONGKONG) CO., LIMITED, a wholly-owned subsidiary of TBEA, held 1,223,200 H Shares (approximately 0.33% of the relevant class of Shares) of the Company, which in total accounted for approximately 64.52% of the total number of issued Shares of the Company.
- (5) Mr. Zhang Xin holds 24.04% equity interest in Xinjiang Tebian through Tianjin Hongyuan Innovation Enterprise Management Co., Ltd.* (天津宏遠創新企業管理有限公司), which is wholly-owned by Mr. Zhang Xin. As Xinjiang Hongyuan, in which he holds 70% equity interest, acts as a general partner of Xinjiang Xingze, Mr. Zhang Xin is also deemed to be interested in the 32.95% equity interest in Xinjiang Tebian held by Xinjiang Xingze under the SFO. Xinjiang Tebian directly holds 581,077,428 domestic shares of TBEA.

- (6) Mr. Zhang Jianxin is a limited partner of 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)) (“**Xinte Kangrong**”) and holds 45.87% interest in it, so he is deemed to be interested in the 2,180,000 Domestic Shares of the Company held by Xinte Kangrong; in addition, Mr. Zhang Jianxin is the general partner of 5 partnership enterprises (namely 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 Green Energy 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 Innovation Enterprise Management Partnership (Limited Partnership)* (天津新特創新企業管理合夥企業(有限合夥))). Mr. Zhang Jianxin (as the general partner) is deemed to be interested in the total 13,775,000 Domestic Shares of the Company held by the aforesaid 5 partnership enterprises under the SFO.
- (7) Mr. Yin Bo is the general partner of 6 partnership enterprises (namely 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)), Xinte Kangrong, 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)) and 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))). Mr. Yin Bo (as the general partner) is deemed to be interested in the total 16,165,000 Domestic Shares of the Company held by the aforesaid 6 partnership enterprises under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, supervisors and chief executives of the Company had any interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

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

Name of Shareholder	Nature of interest	Class of Shares held	Number of Shares held	Approximate percentage of shareholdings in the relevant class of Shares ⁽¹⁾	Approximate percentage of shareholdings in the total share capital of the Company ⁽¹⁾	Long position/ short position
TBEA	Beneficial owner	Domestic Shares	921,286,161	87.42%	64.43%	Long position
	Interest in a controlled corporation ⁽²⁾	H Shares	1,223,200	0.33%	0.09%	Long position
					64.52%	
Xinjiang Tebian	Beneficial owner	Domestic Shares	83,863,108	7.96%	5.86%	Long position
	Interest in a controlled corporation ⁽³⁾	Domestic Shares	2,896,800	0.27%	0.20%	Long position
					6.07%	

Notes:

- (1) The calculation is based on the total number of 1,430,000,000 Shares of the Company in issue as at the Latest Practicable Date, in which 376,170,756 are H Shares and 1,053,829,244 are Domestic Shares.
- (2) TBEA indirectly holds 1,223,200 H Shares through its wholly-owned subsidiary, TBEA (HONGKONG) CO., LIMITED.
- (3) Xinjiang Tebian indirectly holds 2,896,800 Domestic Shares through its wholly-owned subsidiary, Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.* (新疆遠卓企業管理諮詢有限公司).

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

4. COMMON DIRECTORS

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

Name of Directors	Relevant Companies in which the Director is also a director
Mr. Zhang Xin	TBEA
Mr. Huang Hanjie	TBEA
Ms. Guo Junxiang	TBEA

5. INTEREST OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their close associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

6. SERVICE CONTRACTS

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

7. MATERIAL LITIGATION

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

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2022, the date to which the latest published audited consolidated financial statements of the Group were made up.

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

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

- (a) none of the Directors or supervisors of the Company was materially interested in any contract or arrangement, which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group; and
- (b) so far as the Directors are aware, none of the Directors or supervisors of the Company nor their respective close associates had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

10. QUALIFICATION OF EXPERT AND CONSENT

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

Name	Qualification
Kingsway Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

- (a) As at the Latest Practicable Date, Kingsway Capital Limited does not have any beneficial interest in the share capital of any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (b) As at the Latest Practicable Date, Kingsway Capital Limited has given, and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and the reference to its name included herein in the form and context in which they respectively appear.
- (c) As at the Latest Practicable Date, Kingsway Capital Limited does not have any interest in any assets which have been since 31 December 2022 (being the date to which the latest published audited annual accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or lease to any member of the Group.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xinteenergy.com) for a period of 14 days from the date of this circular:

- (a) the New Framework Agreements;
- (b) the consent referred to in the paragraph of “Qualification of Expert and Consent” of this Appendix;
- (c) the letter from the Independent Board Committee, full text of which is set out on page 44 of this circular;
- (d) the letter from Kingsway Capital Limited, full text of which is set out on pages 45 to 78 of this circular.

12. MISCELLANEOUS

- (a) The registered address of the Company and the principal place of business of the Company in the PRC is at No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang, the PRC.
- (b) The joint company secretaries of the Company are Ms. Zhang Juan and Ms. Chan Yin Wah. Ms. Chan Yin Wah is an associate director of SWCS Corporate Services Group (Hong Kong) Limited and a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Chan Yin Wah is also a fellow member of the Association of Chartered Certified Accountants.
- (c) The principal place of business of the Company in Hong Kong is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong.

- (d) The H share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

- (e) The Chinese text of this circular shall prevail over the English text in the event of inconsistency.

* *For identification purpose only*

新特能源

XINTE ENERGY CO., LTD.

新特能源股份有限公司

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

(Stock code: 1799)

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2023

NOTICE IS HEREBY GIVEN that the second extraordinary general meeting of 2023 (the “**EGM**”) of Xinte Energy Co., Ltd. (the “**Company**”) will be held at the Conference Room, R&D Building, No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang, the PRC on Thursday, 30 November 2023 at 11:00 a.m. to consider and, if thought fit, approve the resolutions set out below.

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the new product procurement framework agreement entered into between the Company and TBEA Co., Ltd. (“**TBEA**”) on 17 October 2023 (the “**New Product Procurement Framework Agreement (TBEA)**”), a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, the transactions contemplated thereunder and the proposed annual caps, be and are hereby considered and approved;
- (b) the new coal procurement framework agreement entered into between the Company and TBEA on 17 October 2023 (the “**New Coal Procurement Framework Agreement**”), a copy of which is tabled at the meeting and marked “B” and initialled by the chairman of the meeting for identification purpose, the transactions contemplated thereunder and the proposed annual caps, be and are hereby confirmed and approved;
- (c) the new miscellaneous services framework agreement entered into between the Company and TBEA on 17 October 2023 (the “**New Miscellaneous Services Framework Agreement (TBEA)**”), a copy of which is tabled at the meeting and marked “C” and initialled by the chairman of the meeting for identification purpose, the transactions contemplated thereunder and the proposed annual caps, be and are hereby considered and approved;

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2023

- (d) the new product and service sales framework agreement entered into between the Company and TBEA on 17 October 2023 (the “**New Product and Service Sales Framework Agreement**”), a copy of which is tabled at the meeting and marked “D” and initialled by the chairman of the meeting for identification purpose, the transactions contemplated thereunder and the proposed annual caps, be and are hereby confirmed and approved;
- (e) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated therein and the completion of the New Product Procurement Framework Agreement (TBEA), New Coal Procurement Framework Agreement, New Miscellaneous Services Framework Agreement (TBEA) and New Product and Service Sales Framework Agreement.”

2. “**THAT:**

- (a) the new product procurement framework agreement entered into between the Company and Xinjiang Tebian Group Co., Ltd. (“**Xinjiang Tebian**”) on 17 October 2023 (the “**New Product Procurement Framework Agreement (Xinjiang Tebian)**”), a copy of which is tabled at the meeting and marked “E” and initialled by the chairman of the meeting for identification purpose, the transactions contemplated thereunder and the proposed annual caps, be and are hereby considered and approved;
- (b) the new miscellaneous services framework agreement entered into between the Company and Xinjiang Tebian on 17 October 2023 (the “**New Miscellaneous Services Framework Agreement (Xinjiang Tebian)**”), a copy of which is tabled at the meeting and marked “F” and initialled by the chairman of the meeting for identification purpose, the transactions contemplated thereunder and the proposed annual caps, be and are hereby considered and approved;
- (c) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated therein and the completion of the New Product Procurement Framework Agreement (Xinjiang Tebian) and the New Miscellaneous Services Framework Agreement (Xinjiang Tebian).”

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2023

3. “**THAT:**

- (a) the new financial services framework agreement entered into between the Company and TBEA Group Finance Co., Ltd. on 17 October 2023 (the “**New Financial Services Framework Agreement**”), a copy of which is tabled at the meeting and marked “G” and initialled by the chairman of the meeting for identification purpose, the transactions contemplated thereunder and the proposed annual caps, be and are hereby confirmed and approved;
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated therein and the completion of the New Financial Services Framework Agreement.”

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

Xinjiang, the PRC
8 November 2023

Notes:

- 1. **Important:** A circular setting out details of the aforementioned resolutions will be dispatched and published by the Company in due course, and the form of proxy of the EGM was published by the Company on 8 November 2023, which will be dispatched to the shareholders of the Company (the “**Shareholder(s)**”) in due course.
- 2. In order to determine Shareholders who are eligible to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 27 November 2023 to Thursday, 30 November 2023, both days inclusive, during which period no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company on Thursday, 30 November 2023 shall be entitled to attend and vote at the EGM. In order for the Shareholders to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Board secretary office (in case of holders of domestic shares), at No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC, or the Company’s H share registrar (in case of holders of H shares), Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 24 November 2023 for registration.
- 3. Shareholders may, by completing the form of proxy of the Company, appoint one or more proxies (whether he/she is a Shareholder) to attend and vote at the EGM (or any adjournment thereof) on his/her behalf. The proxy needs not be a Shareholder.

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2023

4. Shareholders must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant Shareholder or by a person duly authorised by the relevant Shareholder in writing (“**power of attorney**”). If the form of proxy is signed by the person authorised by the relevant Shareholder as aforesaid, the relevant power of attorney and other relevant documents of authorization (if any) must be notarised. If a corporate Shareholder appoints a person other than its legal representative to attend the EGM (or any adjournment thereof) on its behalf, the relevant form of proxy must be affixed with the company seal of the corporate Shareholder or signed by its director or any other person duly authorised by that corporate Shareholder as required by the articles of association.
5. To be valid, the form of proxy and the relevant notarised power of attorney (if any) and other relevant authority (if any) as mentioned in note 4 above must be delivered to the Company’s Board secretary office at No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC (for holders of domestic shares), or the Company’s H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H shares) no later than 24 hours before the time appointed for the EGM (i.e. no later than 11 a.m. on Wednesday, 29 November 2023) (or any adjournment thereof).
6. A Shareholder or his/her proxy should produce proof of identity when attending the EGM (or any adjournment thereof). If a corporate Shareholder’s legal representative or any other person duly authorised by such corporate Shareholder attends the EGM (or any adjournment thereof), such legal representative or other person shall produce his/her proof of identity, and proof of designation as legal representative or the valid authorisation document (as the case may be).
7. The EGM (or any adjournment thereof) is expected to take less than half a day. Shareholders or their proxies who attend the EGM (or any adjournment thereof) shall be responsible for their own travel and accommodation expenses.
8. The contact information of the Board secretary office of the Company is as follows:

Address: No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC
Contact person: Ms. Zhang Juan
Tel: +86-991-3665888

As at the date of this notice, the board of directors of the Company 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.