

The Securities and Futures Commission, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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)

ANNOUNCEMENT

(1) CONNECTED TRANSACTION IN RESPECT OF THE PROPOSED DIRECTIONAL ISSUE OF NEW DOMESTIC SHARES

UNDER THE SPECIFIC MANDATE

(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

AND

(3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

PROPOSED DIRECTIONAL ISSUE OF NEW DOMESTIC SHARES

The Board is pleased to announce that on 13 November 2018, the Company entered into the Domestic Share Subscription Agreement with TBEA. Pursuant to the Domestic Share Subscription Agreement, the Subscriber will subscribe for 154,994,838 Domestic Shares to be issued by the Company in the Directional Issue of Domestic Shares. The Subscriber will subscribe for the newly issued Domestic Shares at the Subscription Price of RMB7.78 per share, amounting to a total of approximately RMB1.2 billion (equivalent to approximately HK\$1.364 billion) of Domestic Shares. The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber by making reference to the H Shares issue price of HK\$8.8 per share at the time of the Main Board Listing. The exchange rate of Renminbi into Hong Kong dollars is calculated based on the average middle exchange rate published by the People's Bank of China for the five working days before the date on which the resolution for the Directional Issue of Domestic Shares was considered and passed at the Board meeting. The Subscriber will make a one-time full monetary fund payment and remit it into the bank account designated by the Company within 30 working days after the fulfilment of the condition precedent to the Domestic Share Subscription Agreement. Net proceeds from the Directional Issue of Domestic Shares are intended to be used (i) for the 36,000-ton Polysilicon Project; and (ii) for the Ximeng BOO Wind Power Project. The new Domestic Shares will be issued under the Specific Mandate to be sought at the EGM and the Class Meetings.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber holds 630,149,649 Shares, representing approximately 60.30% of the Company's total issued share capital. Pursuant to Chapter 14A of the Listing Rules, the Subscriber is a connected person of the Company and accordingly, the Directional Issue of Domestic Shares constitutes a connected transaction of the Company, which is subject to reporting, announcement and independent shareholders' approval requirements. The Directional Issue of Domestic Shares will be proposed by way of special resolutions at the EGM and the Class Meetings, and to be approved by the Independent Shareholders. The Subscriber (and any other Shareholders who are involved in or interested in the Directional Issue of Domestic Shares) will be required to abstain from voting on the resolutions to be proposed for approving the proposed Directional Issue of Domestic Shares at the EGM and the Class Meetings.

INDEPENDENT BOARD COMMITTEE AND THE APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the Directional Issue of Domestic Shares and the transactions contemplated thereunder. In this connection, the Company has appointed TC Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether (i) the terms of the Domestic Share Subscription Agreement are on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned; and (ii) the proposed Directional Issue of Domestic Shares is in the interests of the Company and the Shareholders as a whole, and make recommendation(s) on voting.

PROPOSED AMENDMENTS TO THE ARTICLES

The Board proposed to make certain amendments to the Articles, subject to and upon the completion of the Directional Issue of Domestic Shares, in order to, among other things, reflect the latest registered capital and shareholding structure of the Company as a result of the issue of the new Domestic Shares.

The proposed amendments to the Articles are subject to the approval of the Shareholders by way of special resolutions to be proposed at the EGM and the Class Meetings and the approval of, registration or filing with the relevant PRC government authorities.

Further information in respect of the proposed amendments to the Articles will be set out below in the section headed "D. Proposed amendments to the Articles", as well as in the circular to be issued by the Company in relation to, among others, the Directional Issue of Domestic Shares and the transactions contemplated thereunder.

EGM AND CLASS MEETINGS

The EGM and the Class Meetings will be convened by the Company to consider and, if thought fit, approve: (i) the proposed Directional Issue of Domestic Shares; and (ii) the proposed amendments to the Articles.

The proposed Directional Issue of Domestic Shares and the proposed amendments to the Articles will be proposed by way of special resolutions at the EGM and the Class Meetings for the Independent Shareholders' approval. The Subscriber (and any other Shareholders who are involved or interested in the Directional Issue of Domestic Shares) will be required to abstain from voting on the resolutions to be proposed for approving the proposed Directional Issue of Domestic Shares and the transactions contemplated thereunder at the EGM and the Class Meetings.

DESPATCH OF CIRCULAR

A circular containing, among other things: (i) details of the proposed Directional Issue of Domestic Shares under the Specific Mandate and the proposed amendments to the Articles; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Directional Issue of Domestic Shares; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Directional Issue of Domestic Shares, is expected to be despatched to the Shareholders on or before 28 November 2018 in compliance with the Listing Rules.

As the Directional Issue of Domestic Shares is subject to the satisfaction of the condition precedent under the Domestic Share Subscription Agreement as set out in the section headed "Condition precedent to the Domestic Share Subscription Agreement" in this announcement, the proposed Directional Issue of Domestic Shares may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action to be taken should consult their stockbroker, bank manager or other professional advisers.

A. PROPOSED DIRECTIONAL ISSUE OF NEW DOMESTIC SHARES

The Board is pleased to announce that on 13 November 2018, the Company entered into the Domestic Share Subscription Agreement with the Subscriber. Pursuant to the Domestic Share Subscription Agreement, the Subscriber will subscribe for 154,994,838 new Domestic Shares to be issued directionally by the Company. The Subscriber will subscribe for the newly issued Domestic Shares at the Subscription Price of RMB7.78 per share, amounting to a total of approximately RMB1.2 billion (equivalent to approximately HK\$1.364 billion) of Domestic Shares. The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber by making reference to the H Shares issue price of HK\$8.8 per share at the time of the Main Board Listing. The Subscriber will make a one-time full monetary fund payment and remit it into the bank account designated by the Company within 30 working days after the fulfilment of the condition precedent to the Domestic Share

Subscription Agreement. Net proceeds from the Directional Issue of Domestic Shares are intended to be used (i) for the 36,000-ton Polysilicon Project; and (ii) for the Ximeng BOO Wind Power Project (details are set out under the section “E. Use of Proceeds” below).

Domestic Share Subscription Agreement

The major terms and conditions of the Domestic Share Subscription Agreement are set out as follows:

Date:

13 November 2018

Parties:

- (1) The Company as the issuer; and
- (2) TBEA Co., Ltd. as the subscriber.

Type of Shares to be Issued:

Shares to be issued are Domestic Shares issued in RMB with a nominal value of RMB1.00 per share in the PRC.

The Issue Method:

The directional issue of the Domestic Shares shall be subject to the approval of the Stock Exchange for the Directional Issue of Domestic Shares and the approvals to be obtained at the EGM and the Class Meetings.

The Subscription Price and Principle for Pricing of the New Domestic Shares to be Subscribed for:

The Subscriber will subscribe for 154,994,838 Domestic Shares to be issued by the Company. The Subscriber will subscribe for the newly issued Domestic Shares in the Directional Issue of Domestic Shares at the Subscription Price of RMB7.78 per share, amounting to a total of approximately RMB1.2 billion (equivalent to approximately HK\$1.364 billion) of Domestic Shares. The Subscription Price was determined after arm’s length negotiations between the Company and the Subscriber by making reference to the H Shares issue price of HK\$8.8 per share at the time of the Main Board Listing. The exchange rate of Renminbi into Hong Kong dollars is calculated based on the average middle exchange rate published by the People’s Bank of China for the five working days before the date on which the resolution for the Directional Issue of Domestic Shares was considered and passed at the Board meeting. The Subscriber will make a one-time full monetary fund payment and remit it into the bank account designated by the Company within 30 working days after the fulfilment of the condition precedent to the Domestic Share Subscription Agreement.

According to the Domestic Share subscription plan, the Company will directionally issue 154,994,838 new Domestic Shares, which represents (i) approximately 21.19% of the existing issued Domestic Shares and approximately 14.83% of the existing total issued share capital of the Company as at the date of this announcement; and (ii) approximately 17.48% of the enlarged total issued Domestic Shares and approximately 12.92% of the enlarged total issued share capital of the Company upon Completion.

Accumulated Profit:

The Company's accumulated undistributed profits are shared by all Shareholders (including the Subscriber of the Domestic Shares).

Validity Period of the Resolutions:

The validity period of the EGM and Class Meetings resolutions in relation to the Directional Issue of Domestic Shares shall be 12 months from the date on which the relevant resolutions are considered and approved at the EGM and the Class Meetings. Where the Board and/or its authorised person has entered into or granted any offer, agreement or purchasing rights in relation to the Directional Issue of Domestic Shares during the validity period of the EGM and Class Meetings resolutions in relation to the Directional Issue of Domestic Shares, and the Company has obtained the approval, permission, filing or registration (if applicable) from the regulatory authorities during the validity period of the EGM and Class Meetings resolutions in relation to the Directional Issue of Domestic Shares, the Company may complete the Directional Issue of Domestic Shares within the confirmed validity period of such approval, permission, filing or registration.

Condition Precedent to the Domestic Share Subscription Agreement:

Completion under the Domestic Share Subscription Agreement is conditional upon the obtaining of the approval from the Independent Shareholders approving the Directional Issue of Domestic Shares as a special resolution by way of poll at the EGM and the Class Meetings and such approval remaining valid on the date of Completion.

The condition precedent to the Domestic Share Subscription Agreement cannot be waived.

If the condition precedent to the Domestic Share Subscription Agreement is not satisfied on or before the Long Stop Date of the Subscription Agreement, either party shall be entitled to terminate the Domestic Share Subscription Agreement with immediate effect.

Completion:

Completion shall take place on the thirtieth business day after the fulfilment of the above condition precedent, or any later date as agreed by both parties.

Upon fulfilment of the condition precedent to the Domestic Share Subscription Agreement, the Subscriber shall make payment for the total subscription amount in monetary fund within thirty business days.

Specific Mandate:

The newly issued Domestic Shares will be issued under the Specific Mandate to be sought at the EGM and the Class Meetings.

To ensure that the Directional Issue of Domestic Shares proceeds smoothly, it is proposed that the Shareholders shall authorise the Board and its authorised persons to handle all matters in relation to the Directional Issue of Domestic Shares under the framework and subject to the principles thereof within the validity period of the resolutions at their sole discretion, including but not limited to:

- (1) signing and submitting applications, related reports and other documents in connection with the Directional Issue of Domestic Shares to regulatory authorities or institutions within or outside the PRC, and handling the formalities in respect of review and approval, registration, filing, ratification, consent, etc.;
- (2) finalizing the specific plan for the Directional Issue of Domestic Shares, including determining the exact size of the Directional Issue of Domestic Shares, final pricing, issuance time and issuance method, signing, executing, amending and terminating any agreement, contract or other documents in relation to the Directional Issue of Domestic Shares, as well as adjusting the use of proceeds and other relevant matters;
- (3) negotiating with the persons to whom the Domestic Shares will be directionally issued and signing the Domestic Share Subscription Agreement, as well as confirming any amendments thereto;
- (4) handling relevant matters (if any) in obtaining the approvals for the Directional Issue of Domestic Shares from the Stock Exchange and/or other competent regulatory authorities within and outside the PRC;
- (5) engaging and appointing lawyers and other relevant intermediary agencies within and outside the PRC, according to actual needs and for the purpose of the Directional Issue of Domestic Shares, as well as signing the engagement or appointment agreements and other related legal documents;
- (6) making amendments to the plan for the Directional Issue of Domestic Shares, according to specific situations at the time of the Directional Issue of Domestic Shares and the relevant approval documents of the competent regulatory authorities;

- (7) signing, executing, amending and completing all documents and making all desirable or appropriate actions or matters in relation to the Directional Issue of Domestic Shares; and
- (8) approving the publication of announcements, circulars and notices in relation to the Directional Issue of Domestic Shares on the websites of the Stock Exchange and the Company, and submitting relevant forms, documents or other materials to the Stock Exchange.

Also, to ensure that the Directional Issue of Domestic Shares proceeds smoothly, the Board and its authorised persons are authorised to amend the provisions of the Articles under the framework, subject to the principles, and according to the actual circumstances of the Directional Issue of Domestic Shares within the validity period of the resolutions, and to handle the procedures in relation to the registration of foreign-invested enterprises as well as industrial and commercial changes.

On the basis that the above authorisations are granted at the Company's EGM and Class Meetings, Mr. Zhang Jianxin (an executive Director and the chairman of the Company), Ms. Guo Junxiang (a non-executive Director) and Ms. Zhang Juan (the secretary of the Board) are authorised by the Board to exercise such authorisations granted by the EGM and Class Meetings, whether individually or jointly.

Shareholders and potential investors should note that the proposed Directional Issue of Domestic Shares is subject to the satisfaction of the condition precedent under the Domestic Share Subscription Agreement as set out in the section headed "Condition precedent to the Domestic Share Subscription Agreement" in this announcement, and the proposed Directional Issue of Domestic Shares may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

B. RANKING OF NEW DOMESTIC SHARES TO BE ISSUED

The new Domestic Shares to be issued pursuant to the Domestic Share Subscription Agreement will rank, upon issue, *pari passu* in all respects with the existing Domestic Shares in issue at the time of the directional issue of such new Domestic Shares.

C. SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company as at the date of this announcement and immediately after the Completion (assuming no other changes to the issued share capital of the Company prior to the Completion):

Name of Shareholder	As at the date of this announcement			Immediately after the completion of the Directional Issue of Domestic Shares	
	Share Class	No. of Shares held	Percentage of total issued Shares	No. of Shares held	Percentage of total issued Shares
TBEA Co., Ltd.	Domestic Shares	628,926,449	60.18%	783,921,287	65.33%
Xinjiang Tebian (Group) Co., Ltd.* (新疆特變電工集團有限公司)	Domestic Shares	58,246,308	5.57%	58,246,308	4.85%
Xinjiang Honglian Venture Capital Co., Ltd.* (新疆宏聯創業投資有限公司)	Domestic Shares	25,616,800	2.45%	25,616,800	2.13%
Jinglong Technology Holdings Limited* (晶龍科技控股有限公司)	Domestic Shares	14,619,883	1.40%	14,619,883	1.22%
Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.* (新疆遠卓企業管理諮詢有限公司)	Domestic Shares	2,896,800	0.28%	2,896,800	0.24%
Liu Bingcheng	Domestic Shares	774,732	0.07%	774,732	0.06%
Jia Boyun	Domestic Shares	448,560	0.04%	448,560	0.04%
H Shares Shareholders	H Shares	313,475,630	30.00%	313,475,630	26.12%
Total		<u>1,045,005,162</u>	<u>100.00%</u>	<u>1,200,000,000</u>	<u>100.00%</u>

D. PROPOSED AMENDMENTS TO THE ARTICLES

The Board proposed to make certain amendments to the Articles, subject to and upon the Completion, in order to, among other things, reflect the latest registered capital and shareholding structure of the Company as a result of the issue of the new Domestic Shares.

The amendments set out below are based on the assumption that 154,994,838 shares of new Domestic Shares have been issued.

Before amendment:

Article 20

The Company's total share capital is 1,045,005,162 Shares, including 731,529,532 Domestic Shares, representing 70% of the total share capital; and 313,475,630 H Shares (public), representing 30% of the total share capital.

After amendment:

Article 20

The Company's total share capital is **1,200,000,000** Shares, including **886,524,370** Domestic Shares, representing **73.88%** of the total share capital; and **313,475,630** H Shares (public), representing **26.12%** of the total share capital.

The proposed amendments to the Articles are subject to approval from the Shareholders by way of special resolutions at the EGM and the Class Meetings and the approval of and registration or filing with the relevant PRC government authorities.

Further information in respect of the proposed amendments to the Articles will be set out in the circular to be issued by the Company in relation to, among other things, the Directional Issue of Domestic Shares and the transactions contemplated thereunder.

E. USE OF PROCEEDS

The Company expects to raise gross proceeds of approximately RMB1.2 billion (equivalent to approximately HK\$1.364 billion) from the Directional Issue of Domestic Shares. The Company intends to use the proceeds from the Directional Issue of Domestic Shares for the following purposes:

- (i) RMB800 million will be used for the construction of the Ximeng BOO Wind Power Project of the Company, which is a total of four wind power projects with a total capacity of 975MW including the 275MW Fengsheng ultra-high voltage power transmission wind power project in Zhengxiangbaiqi, the 200MW Xinyuan ultra-high voltage power transmission wind power project in Zhengxiangbaiqi, the 300MW Fengding ultra-high voltage power transmission wind power project in Sonid Zuoqi and the 200MW Fengsheng ultra-high voltage power transmission wind power project in Zhengxiangbaiqi, at the Company's ultra-high voltage power transmission and distribution base in Ximeng, by way of capital increase by the Company to Xinjiang New Energy, a subsidiary of the Company, to conduct the construction of the Ximeng BOO Wind Power Project; and

- (ii) approximately RMB400 million of the remaining raised funds will be used for the construction of the 36,000-ton Polysilicon Project of the Company, by way of capital increase by the Company to Xinte Crystal Silicon, a subsidiary of the Company, to conduct the construction of the 36,000-ton Polysilicon Project.

F. REASONS FOR AND BENEFITS OF THE DIRECTIONAL ISSUE OF DOMESTIC SHARES

1. To meet the capital needs for the 36,000-ton Polysilicon Project

The Company has engaged in the construction of polysilicon projects since 2008, and its polysilicon production capacity is currently 30,000 tons/year. Its capabilities in terms of production volume, quality and cost control are in an industry-leading position. To capture the market and seize the opportunities brought by the rapid development of photovoltaic industry, and to make full use of its advantages in the abundant coal resources in Xinjiang and low power generation cost of its self-owned power plants, the Company commenced the construction of the 36,000-ton Polysilicon Project in April 2018, and continues to improve the production volume and quality of polysilicon and reduce costs by leveraging on the scale effect, in order to maintain and enhance the Company's industry-leading position.

The proposal of the construction of 36,000-ton Polysilicon Project has been approved by the Company at the second extraordinary Board meeting of 2018 held on 27 February 2018 and at the first extraordinary general meeting of 2018 held on 16 April 2018. The total investment amount for the project is RMB4.056 billion. The polysilicon production industry was affected by the introduction of the "Photovoltaic 531 New Policy", and banks have raised the borrowing requirements for polysilicon projects in the industry. To reduce financing burden and expedite the construction work of the project, the Company intends to increase the capital of Xinte Crystal Silicon, a subsidiary of the Company, using approximately RMB400 million of the raised funds from the Directional Issue of Domestic Shares for the construction of the 36,000-ton Polysilicon Project. The 36,000-ton Polysilicon Project is expected to be completed and commence production in the first quarter of 2019, by then the product quality will all reach electronic grade level 2 or above, which could serve the market of materials for quality monocrystalline silicon wafers and polysilicon wafers. After its completion, the total polysilicon production capacity of the Company will reach 70,000-80,000 tons/year, representing a continuous improvement of the core competitiveness of the Company.

2. To satisfy the capital requirements for the expansion of the BOO Business

Since 2015, the Company has transformed strategically from a construction supplier to an operator in order to diversify its income sources. The Company's BOO Business has developed rapidly in the past three years and achieved a relatively high profit margin.

As of 31 December 2017, the Company has completed the construction of BOO Power Stations with a power generation capacity of approximately 420MW, and realised a revenue of RMB308 million and a gross profit of RMB201 million from power generation during the year 2017, representing an increase of 141.49% and 121.12% respectively over the same period of the previous year. As of the end of June 2018, the Company has completed the construction of BOO Power Stations with a power generation capacity of approximately 750MW, and realised a revenue of RMB254 million and a gross profit of RMB178 million from power generation in the first half of 2018, representing an increase of 60.13% and 66.54% respectively over the same period of the previous year, with a gross profit margin of 70.22%. To capture premium resources, adjust the proportion of resource allocation between the Company's wind power and photovoltaic power generation, and improve the development structure of the ECC and BOO Businesses, the Company has expedited the Ximeng BOO Wind Power Project. The Ximeng BOO Wind Power Project has been approved at the third extraordinary Board meeting in 2018 held on 16 April 2018, with a total investment amount of approximately RMB7.5 billion, all of which have been filed with the relevant government authorities and included in the state's plan. At present, major equipment tendering and pre-project construction-related work have been carried out, but capital is insufficient, hence RMB800 million of the raised funds will be used for the construction of the Ximeng BOO Wind Power Project. The construction of the above project is beneficial for the Company in capturing the opportunities in market development, will bring long-term steady income for the Company and further enhance the Company's overall competitive edge, which will be conducive for the healthy, long-term and sustainable development of the Company.

3. To further mitigate financial risks

The Company focuses on the research and development of polysilicon products and system integration technology, and continues to improve its production qualities and service capabilities, so as to strengthen and enhance the Company's competitive advantages in the industry. To expand the Company's business scale and enhance its competitive advantage, the Company has been increasing the size of its bank borrowings. Interest-bearing liabilities such as bank borrowings have provided good support and protection when the Company is continuously improving its research and development technology levels, expanding its operation scale and improving its comprehensive profitability. However, significant amount of interest-bearing liabilities has caused the debt of the Company to remain at a relatively high level, leaving little room for further financing, and thus limiting the Company's debt financing capability in capturing market opportunities for further expansion of its business scale.

If the Company continues to maintain a high loan scale in order to meet its funding needs, its financial burden, financial expenses as well as financial risks will be increased. After the funds raised through the Directional Issue of Domestic Shares are in place, it will optimise the Company's debt structure, improve the Company's financial position, and improve the Company's debt financing ability, risk resistance capability and profitability.

4. Feasibility study of other financing strategies

The Company is of the view that the Directional Issue of Domestic Shares can further optimise its capital structure and enhance its competitive strength, by lowering its gearing ratio and reducing its financial risks. In addition, the issue of Domestic Shares is not subject to the approval of China Securities Regulatory Commission. The Board has proactively considered various capital operation strategies. Before resorting to the Directional Issue of Domestic Shares, the Board had considered other relevant strategies such as the placement of newly issued H Shares, and rights issue of Domestic Shares and H Shares. An analysis of each of these strategies is set out as follows:

(1) Placement of newly issued H Shares:

The Board considers that such option involves uncertainties as to the timing in obtaining approvals from relevant PRC authorities (including China Securities Regulatory Commission), which may affect the timely implementation of the Company's strategies. Apart from the required statutory approvals, any placement of new H Shares will also be subject to the ability to attract quality investors.

(2) Rights issue of Domestic Shares and H Shares:

For similar reasons as set out in paragraph (1) above, there are uncertainties as to the timing in obtaining approvals from relevant PRC authorities (including China Securities Regulatory Commission) for a rights issue of the Domestic Shares and H Shares, which may affect the timely implementation of the Company's strategies. In addition, rights issue will also involve transaction costs such as underwriting fees, and may result in pressure on the Company's share price due to the common market practice of setting the issue price at a discount.

Having carefully weighing the above strategies, the Board considers that a subscription of newly issued Domestic Shares by the Subscriber is the most efficient and economical approach to raise funds under the current market circumstances, which satisfies the proposed uses of proceeds as stated in the paragraph headed "E. Use of Proceeds" in this announcement. Meanwhile, as the shareholding percentage of the Subscriber in the Company will increase from 60.30% to 65.43%, the interests of the Subscriber will further align with the performance of the Company, thus the Subscriber will have increased intention to provide further support to the Company as to industry policy interpretation, business opportunities, etc., thus bringing benefits to the Company in the long run.

After carefully considering the merits and disadvantages of the above alternative approaches, the Directors believe that, after the receipt of the raised funds from the Directional Issue of Domestic Shares, the Company's financial strength will be further strengthened, and at the same time the construction of the 36,000-ton Polysilicon Project and the Ximeng BOO Wind Power Project can be expedited. This will be conducive to the full play of the scale effect of polysilicon production in terms of reduced costs, improved project quality, continuous expansion of the scale of the BOO Business and

improved profitability as well as enhanced overall competitive edge of the Company. At the same time, completing the Directional Issue of Domestic Shares will lower the Company's gearing ratio, improve its financial structure, mitigate financial risks, and improve the Company's profitability and solvency, which is in line with the Company's long-term development strategy and is beneficial to the maximisation of the Shareholders' overall benefits. As such, the Directors believe that the Directional Issue of Domestic Shares is not only the most efficient and cost-effective approach to raise funds as required, but it also demonstrates a strong vote of confidence in the Company by its major shareholder. Therefore, the Directors (other than members of the Independent Board Committee, whose view will be contained in the circular to be published by the Company after considering the advice of the Independent Financial Adviser) believe that the Directional Issue of Domestic Shares and the transactions contemplated thereunder are fair and reasonable and are entered into on normal commercial terms, and in the interests of the Group and the Shareholders as a whole.

G. RECENT FUND RAISING ACTIVITIES

The Company has not conducted any fund raising activities through any issue of equity securities within the 12 months immediately prior to the date of this announcement.

H. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Subscriber holds 630,149,649 Shares, representing approximately 60.30% of the Company's total issued share capital. Pursuant to Chapter 14A of the Listing Rules, as a controlling shareholder, the Subscriber is a connected person of the Company. Therefore, the Directional Issue of Domestic Shares pursuant to the Domestic Share Subscription Agreement constitutes a connected transaction of the Company under the Listing Rules and is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directional Issue of Domestic Shares will be proposed by way of special resolutions at the EGM and the Class Meetings to be approved by the Independent Shareholders. The Subscriber (and any other Shareholders who are involved or interested in the Directional Issue of Domestic Shares) will be required to abstain from voting on the resolutions to be proposed for approving the proposed Directional Issue of Domestic Shares at the EGM and the Class Meetings.

I. INDEPENDENT BOARD COMMITTEE AND THE APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the Directional Issue of Domestic Shares and the transactions contemplated thereunder. The members of the Independent Board Committee are Mr. Qin Haiyan, Mr. Yang Deren, and Mr. Wong, Yui Keung Marcellus. In this connection, the Company has appointed an independent financial adviser to advise the Independent Board Committee and the Independent

Shareholders as to whether the Directional Issue of Domestic Shares is fair and reasonable as far as the Independent Shareholders are concerned and make recommendation(s) on voting. TC Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on whether (i) the terms of the Domestic Share Subscription Agreement are on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned; and (ii) the proposed Directional Issue of Domestic Shares is in the interests of the Company and the Shareholders as a whole, and make recommendation(s) on voting.

J. EGM AND CLASS MEETINGS

The first EGM of 2019 and the Class Meetings will be held to consider and, if thought fit, pass resolutions to approve (i) the proposed Directional Issue of Domestic Shares; and (ii) the proposed amendments to the Articles. The voting in relation to the proposed Directional Issue of Domestic Shares and the proposed amendments to the Articles at the EGM and the Class Meetings will be conducted by way of poll. The proposed Directional Issue of Domestic Shares and the proposed amendments to the Articles will be proposed by way of special resolutions at the EGM and the Class Meetings to be approved by the Independent Shareholders.

The Subscriber (and any other Shareholders who are involved or interested in the Directional Issue of Domestic Shares) will be required to abstain from voting on the resolutions to be proposed for approving the proposed Directional Issue of Domestic Shares at the EGM and the Class Meetings.

K. DESPATCH OF CIRCULAR

A circular containing, among other things: (i) details of the proposed Directional Issue of Domestic Shares under the Specific Mandate and the proposed amendments to the Articles; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Directional Issue of Domestic Shares; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Directional Issue of Domestic Shares is expected to be despatched on or before 28 November 2018 in compliance with the Listing Rules.

L. GENERAL INFORMATION

1. Information on the Company

The Company is a global leading polysilicon manufacturer, and developer and operator of photovoltaic resources, which is principally engaged in polysilicon production and the provision of engineering and construction contracting 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 compensation equipment), which are used for its construction and contractual services or sold to third-parties.

2. Information on TBEA

TBEA is a company incorporated in the PRC with limited liability on 26 February 1993. As at the date of this announcement, TBEA holds 60.30% of the total issued share capital of the Company, of which 628,926,449 shares are Domestic Shares and 1,223,200 shares are H Shares. As at 31 December 2017, TBEA's audited total assets was RMB83.598 billion; as at 30 June 2018, TBEA's total assets was RMB89.541 billion. TBEA is a controlling shareholder of the Company, and is a service provider of system solutions for the global energy industry. TBEA and its close associates (excluding the Group) are mainly engaged in: (i) production and sales of transformers, inductors, wires, cables and other electrical and machinery equipment; and (ii) construction and contracting of domestic and international power transmission projects, hydro and geothermal power projects.

DEFINITIONS

Unless the context requires otherwise, capitalised terms used in this announcement shall have the meanings as follows:

“36,000-ton Polysilicon Project”	the investment in the construction of a 36,000-ton-per-annum high-purity polysilicon production upgrade project;
“Articles”	the articles of association of the Company as revised from time to time;
“Board”	the board of Directors of the Company;
“BOO Business” or “BOO Power Stations”	the photovoltaic or wind power generation projects built, owned and operated by the Company;
“Class Meeting(s)”	the class meeting of the H Shares Shareholders and the class meeting of the Domestic Shares Shareholders to be held immediately following the EGM to consider and, if thought fit, approve, among other things, the proposed Directional Issue of Domestic Shares and the proposed amendments to the Articles;
“Company”	Xinte Energy Co., Ltd. (新特能源股份有限公司), a company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange;
“Completion”	the completion of the Directional Issue of Domestic Shares;
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directional Issue of Domestic Shares”	the proposed directional issue of new Domestic Shares amounting to a total of RMB1,205,859,840 billion (equivalent to approximately HK\$1.364 billion) to the Subscriber pursuant to the Domestic Share Subscription Agreement under the Specific Mandate;

“Directors”	the directors of the Company;
“Domestic Share Subscription Agreement”	the conditional share subscription agreement entered into between the Subscriber and the Company on 13 November 2018, under which, the Subscriber conditionally agrees to subscribe for, and the Company conditionally agrees to issue, new Domestic Shares at the total subscription price of approximately RMB1.2 billion (equivalent to approximately HK\$1.364 billion);
“Domestic Share(s)”	ordinary domestic share(s) with par value of RMB1.00 each in the share capital of the Company;
“Domestic Shares Shareholder(s)”	holder(s) of the Domestic Shares;
“ECC”	Engineering and Construction Contracting, including EPC and BT mode;
“EGM”	the first extraordinary general meeting of the Shareholders of 2019 to be held by the Company at Conference Room on 21st Floor of TBEA Co., Ltd. at No. 189, South Beijing Road, Changji, Xinjiang, the PRC on Friday, 11 January 2019 at 11:00 a.m., to consider and, if thought fit, approve, among other things, the proposed Directional Issue of Domestic Shares and the proposed amendments to the Articles;
“Group”	the Company and its subsidiaries;
“H Share(s)”	overseas listed foreign share(s) with a par value of RMB1.00 each in the share capital of the Company, listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars;
“H Shares Shareholder(s)”	holder(s) of the H Shares;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee comprising all independent non-executive Directors;
“Independent Financial Adviser” or “TC Capital”	TC Capital International Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders with regard to the Directional Issue of Domestic Shares;

“Independent Shareholders”	Shareholders other than: (i) the Subscriber and (ii) all other persons (if any) who are involved or interested in the Directional Issue of Domestic Shares and the Domestic Share Subscription Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time;
“Long Stop Date of the Subscription Agreement”	11 January 2019, or such other subsequent date as may be agreed by the Company and the Subscriber from time to time in writing;
“Main Board Listing”	listing of the H Shares on the Main Board of the Stock Exchange on 30 December 2015;
“PRC”	the People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and modified from time to time;
“Shareholder(s)”	holder(s) of the Shares of the Company;
“Share(s)”	Domestic Share(s) and/or H Share(s);
“Specific Mandate”	the specific mandate proposed to be granted by the Independent Shareholders to the Directors at the EGM and Class Meetings to issue the new Domestic Shares and the proposed amendments to the Articles;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the Subscription Price is the issue price of the Domestic Shares, being RMB7.78 per share, which is determined based on the H Shares issue price of HK\$8.8 per share at the time of the Main Board Listing and is converted at the exchange rate of HK\$1 to RMB0.884;
“TBEA” or “Subscriber”	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 the controlling shareholder of the Company;
“Ximeng”	Xilingol League, Inner Mongolia, the PRC;

“Ximeng BOO Wind Power Project”

the four wind power projects with a total capacity of 975MW, which include the 275MW Fengsheng ultra-high voltage power transmission wind power project in Zhengxiangbaiqi, the 200MW Xinyuan ultra-high voltage power transmission wind power project in Zhengxiangbaiqi, the 300MW Fengding ultra-high voltage power transmission wind power project in Sonid Zuoqi and the 200MW Fengsheng ultra-high voltage power transmission wind power project in Zhengxiangbaiqi;

“Xinjiang New Energy”

TBEA Xinjiang New Energy Co., Ltd.* (特變電工新疆新能源股份有限公司), a joint stock company with limited liability incorporated in the PRC, which is owned as to 98.89% and 1.11% by the Company and CECEP Solar Energy Co., Ltd. (中節能太陽能科技股份有限公司), an independent third party, respectively as at the date of this announcement; and a subsidiary of the Company;

“Xinte Crystal Silicon”

Xinjiang Xinte Crystal Silicon High-Tech Co., Ltd.* (新疆新特晶體硅高科技有限公司), a joint stock company with limited liability incorporated in the PRC, which is owned as to 90% and 10% by the Company and Xinjiang Socus Silicon Co., Ltd (新疆索科斯新材料有限公司), an independent third party, respectively as at the date of this announcement; and a subsidiary of the Company; and

“%”

per cent.

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

Xinjiang, the PRC
13 November 2018

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Jianxin, Mr. Yin Bo and Mr. Xia Jinjing; the non-executive Directors are Mr. Zhang Xin and Ms. Guo Junxiang; the independent non-executive Directors are Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong, Yui Keung Marcellus.

For the purpose of this announcement, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of HK\$1 to RMB0.884. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

Certain English translation of Chinese names or words marked with “” in this announcement are included for information only, and are not official English translations of such Chinese names or words.*